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ABSTRACT

On July 22, 1971, the subcommittee initiated the hearings, noting that "the problems of the most severely disadvantaged people in rural America--migrant and seasonal farmworkers--cannot be described, much less solved, unless examined in the light of the larger difficulty in agricultural America--rural poverty." Questions set forth at this hearing included: (11) To what extent did rural poverty exist--and why did it persist? (2) What had the mechanization of farming done to, or for, the social and economic fabric of rural America? (3) Had small farmers and farmworkers, in the wake of rapid changes in American agriculture, been effectively shut off from the benefits and safeguards which workers in other industries enjoyed? (4) Had the advent of "agribusiness" (the rise of corporations and conglomerates as agricultural powers) helped to alleviate or aggravate rural poverty? (5]Was "agrigovernment" (characterized by massive support programs for agribusiness) meeting its responsibility to all the people and institutions in rural America? and (6) What were the common interests of small farmers and farmworkers in the face of political and economic forces which controlled their lives, sometimes making them victims of poverty, but which lay beyond their control? On September 21 and 22, the economic alternatives remaining in rural America were explored. (NQ)

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FARMWORKERS IN RURAL AMERICA, 1971–1972

HEARINGS

BEFORE THE

SUBCOMMITTEE ON MIGRATORY LABOR

OF THE

COMMITTEE ON

LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST AND SECOND SESSIONS

ON

FARMWORKERS IN RURAL POVERTY

JULY 22; SEPTEMBER 21, AND 22, 1971

PART 1

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(II)

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FARMWORKERS IN RURAL AMERICA, 1971–1972

(Farmworkers in Rural Poverty)

THURSDAY, JULY, 22, 1971

U. S. Senate,
Subcommittee on Migratory Labor,
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 4232, New Senate Office Building, Senator Adlai E. Stevenson III (chairman of the subcommittee) presiding.

Present: Senators Stevenson and Beall.

Committee staff members present: Boren Chertkov, majority counsel; and Eugene Mittelman, minority counsel.

Senator Stevenson. This scheduled hearing of the Migratory Labor Subcommittee will come to order.

This morning we begin a series of hearings on farmers and farmworkers in rural America. The shape and direction of these hearings has been described at length in a statement which I have distributed and which I order inserted in the record at this point.

STATEMENT OF HON. ADLAI E. STEVENSON III, A U.S. SENATOR FROM THE STATE OF ILLINOIS

In 1813, Thomas Jefferson, in a letter to his fellow statesman John Adams, expressed his conviction that America, the new nation, with its vast uncultivated lands and the opportunity they promised, would bring forth in the world not only a new form of government but a new kind of man: self-reliant, free, and prosperous.

He wrote:

> Here, everyone may have land to labor for himself if he so chooses * * * Everyone, by his property, or by his satisfactory situation, is interested in the support of law and order. And such men may safely and advantageously reserve to themselves control over their public affairs, and a degree of freedom which, in Europe, would be instantly perverted * * *

Jefferson, as politician and philosopher, was our most eloquent champion of the rural life. He envisioned an America peopled by prosperous independent citizens, tilling the soil, wielding firm control over their own destinies and enjoying the fruits of their own labors.

What has become of Jefferson's agrarian vision after nearly two centuries of history?

The dream—a dream of free men prospering in a rich land, persists. But too often, and in too many places, farmworkers and farmers, land holders and migrants, small farmers and seasonal laborers, do not control their own destiny; they are victims, together, of forces beyond their control.

For too many Americans, in too many places, the fruit of their labor is less than enough to sustain a decent life. They are victims of rural poverty, a condition which, unlikely as it might have seemed to the optimistic statesman of early America, is now epidemic in our country.

I. INTRODUCTION

Rural poverty is pervasive. It is chronic in some areas, acute in others—but it knows no geographic boundaries. It follows no racial lines. It is not even a condition of farms alone, for it affects rural villages, small towns, and ultimately the cities, which bear the impact of rural outmigration.

Its effects are harrowing: widespread hunger and malnutrition; disease, especially among the very old and the very young, aggravated by woeful shortages of doctors and dentists; unemployment and underemployment; schools plagued by poor facilities, scant budgets, low teacher pay and low educational standards; housing so dilapidated that the official label, "substandard," seems almost a euphemism.

The social costs of rural poverty are high and growing higher. Along with its talented young people, the traditional sense of community is disappearing from rural America. Public services in rural America are diminishing in number and in quality; tax bases are being eroded and political boundaries rendered obsolete. The quality of life in too many rural areas leaves much to be desired.

All this has been amply documented. Indeed, what is now so shocking about rural poverty in America is not that it exists, but that, having discovered it and documented it, we are so indifferent to it.

In 1967, for example, the President's National Advisory Commission on Rural Poverty issued its report entitled "The People Left Behind." The report, an urgent and compelling document, was prepared by a distinguished panel and staff of experts, and led by an eminent chairman. Thousands of man-days of work were involved, and thousands of public dollars expended.

What has been the result? Can we conclude that poverty in rural America has been materially affected—not to say eliminated—since 1967? The answer, sadly, is no.

Today, as in 1967, farmworkers and small farmers alike share poverty—in some places, abject poverty. Today, as in 1967, little relief is in sight, and public concern for their plight is low.

Today, as then, both farmers and farmworkers are the victims of decisions and policies beyond their effective control.

Today, as then, the migration from farm to city is accepted as a necessary fact of life—and our cities continue to suffer.

Today, as in 1967, many farmers and farmworkers are being displaced by technological and mechanical "progress," and efforts to upgrade the living and working conditions of farmworkers and farmers are met with the contentions that improvements might result in higher labor costs and more labor displacement.

The problems of the most severely disadvantaged people in rural America—migrant and seasonal farmworkers—cannot be described, much less solved, unless we examine them in the light of the larger difficulty in agricultural America: rural poverty.

This fact—and the melancholy facts about rural poverty which have changed so little since the President's Commission reported in 1967—make it not only appropriate but urgent that the Subcommittee on Migratory Labor ask some hard questions:

To what extent does rural poverty exist in 1971, and why does it persist?

What has the mechanization of farming done to—or for—the social and economic fabric of rural America?

Have small farmers and farmworkers, in the wake of rapid changes in American agriculture, been effectively shut off from the benefits and safeguards which other workers in other industries enjoy today?

Has the advent of "agribusiness"—the rise of corporations and conglomerates as agricultural powers—helped to alleviate rural poverty or to aggravate it?

Is "agrigovernment," characterized by massive support programs for agribusiness, meeting its responsibility to all the people and all the institutions in rural America?

What are the common interests of small farmers and farmworkers in the face of political and economic forces which control their lives, which sometimes make them victims of poverty, but which lie beyond their control?

The agrarian vision of Jefferson, clearly, is a fading dream for too many in rural America. For the small farmer and the farmworker, it may seem that there are forces at work which threaten his very right to live. Yet there is no real public policy debate on the future direction of rural America. Without a loyal opposition to present alternative programs and directions, there is clearly a danger that the forces of bigness—represented by agribusiness and agrigovernment—may dominate public and private decisions affecting rural America; that Government may unwittingly perpetuate the domination of agribusiness. If that should happen, more decisions will be made and more dollars spent with little or no thought of the impact on the people of our rural or urban communities.

Yet it is clear that we do not now have the necessary information to implement an effective program for rural America.

II. FARMWORKERS, FARMERS, AND AGRIBUSINESS AMIDST RURAL POVERTY

Poverty, certainly, is not universal in rural America.

Large, well-financed farms appear to be doing reasonably well; some are obviously prospering. Technological progress, sophisticated management, and highly efficient marketing and distribution have led to astonishing agriculture-industry successes.

These are the facts about the rise of agribusiness:

Agriculture's assets total $307 billion, equal to about two-thirds of the value of all corporations in the United States; or about one-half of the market value of all corporation stocks on the New York Stock Exchange. Three out of every 10 jobs in private employment today are related to agriculture. The United States has a $91 billion grocery bill. If we add in the restaurant tab, it reaches $114 billion annually.

Production of labor-intensive fruit and vegetable crops was by less than 80,000 farms, that produced 80 percent of the $2.7 billion yield. While only 2 percent of all available cropland was used, it produced 24 percent of the value of all crops and used 24 percent of all farm labor engaged in crop production. Over 50 percent of all this labor is seasonal.

Some 7,000 corporations have entered agriculture in the past 10 years; the number of farms is down, from 3.9 million in 1960 to 2.9 at present, and the average farm size has increased 31 percent.

Less than 1 percent of all farmers purchased 29 percent of all feed, 24 percent of all machinery, and 41 percent of all hired labor; and 12 percent of all farmers account for two-thirds of all farm sales—and less than 1 percent make nearly 25 percent of profits in agriculture.

Government farm programs pay the largest benefits to the largest farms. In 1969, the $3.8 billion paid to bolster farm income went to the one-third of farmers who had the largest gross sales.

These facts make it clear that new forces are at work on the rural scene. The subcommittee will endeavor to learn more about the impact of these new forces: Corporations and conglomerates; banks and insurance companies; family corporations; franchise businesses; processors; the chainstores; industries providing feed, seed, machinery, and chemicals; packagers and marketers; and "tax-loss" farmers.

Corporations and conglomerates engaged in the farming and processing of labor-intensive fruits and vegetables are directly involved in the day-to-day lives of farmworkers. Their decisions clearly affect the interests of small farmers and the "people left behind": Migrants, seasonal workers, tenant farmers, sharecroppers, and hired hands.

Have these new forces acted with concern—or callous disregard—for the welfare of small farmers and farmworkers?

Has agribusiness contributed to the welfare of farmworkers who have been displaced? Has it supported good roads, schools, recreational facilities, civic organizations, and public services in rural areas? To what extent do these new business institutions participate in the political process? And with what effect?

III. IS THERE AN AGRIGOVERNMENT?

Changes in rural America that have substantially affected the farmer and farmworker have not come without the deep involvement of government at every level: Local officials, State and Federal legislators, decisionmakers, and administrators.

Governing this sector of the economy, with a declared "moral and legal responsibility to farmers and farmworkers," is the U.S. Department of Agriculture. The subcommittee will explore whether this massive bureaucracy benefits the many or the few in rural America. In its examination of this question, the subcommittee will survey relevant USDA and other Government programs, in terms of the priorities that have been established for serving the needs of all in rural areas.

Direct and generous subsidies to private interests in the form of land retirement and conservation programs, income support programs, taxation policies, water and irrigation subsidies, research subsidies for technology and mechanization, pesticides, market services and surveys, and others whose impact on human problems in rural America, for good or ill, is immense.

Additionally, the subcommittee will study the role of other public and private agencies, including the Labor Department, the Immigration and Naturalization Service, agribusiness, recruitment agencies, crew leaders, labor unions, interest groups and associations, and others, to determine what their impact is on the future of farmworkers, small farmers, and others in rural America.

Clearly, the larger an enterprise, the more able it is to hire lawyers, lobbyists, and public relations men to voice its concerns. Has the decline in the number of farms and farmers reduced the political influence of farmers? Or has political power simply become more concentrated in fewer, wealthier hands that can afford political contributions to sway votes? If so, what has been the effect on policymaking?

We will also examine the role and activities of Government-supported land-grant colleges—particularly as they relate to the farmworker, the small farmer, and the rural community generally. Are their research programs, outreach efforts, and involvement in the area of economic, manpower, and social problems fulfilling the congressional intent of meeting the needs of all citizens in rural areas? Particularly important, should land-grant colleges be attacking not only purely agriculture problems, but a whole range of social and economic problems of the rural sector?

IV. LEGISLATIVE PROPOSALS TO AID RURAL AMERICA

While the subcommittee's hearings are not directly related to specific legislative proposals, certainly the problems of rural America and farmworkers cannot be considered without reference to the inadequacies, omissions, and deficiencies in our present laws.

For all practical purposes, many farmworkers are either specifically excluded from, or, at best, only minimally included under every major Federal or State social or worker benefit program, such as collective bargaining, minimum wage, workmen's compensation, unemployment insurance, child labor laws, wage payment and collection laws, social security, welfare, and housing programs. Even when farmworkers are covered, enforcement is often inadequate or nonexistent. Thus, the benefits which most U.S. workers take for granted have been systematically denied to farmworkers.

Where legislation makes social and worker benefits available to farmworkers, and this availability is known, farmworkers are still effectively excluded by their inability to meet unfairly demanding conditions such as income standards and residence requirements. Even special programs that have been designed to benefit farmworkers, like the Farm Labor Contractor Registration Act, the Migrant Health Act, food and nutrition programs, housing programs, manpower programs, certain programs under the Office of Economic Opportunity, and the Office of Education appear largely useless to farmworkers because of inadequate enforcement, lack of awareness, apathy, discrimination, poor program design, and lack of funds.

Even when migrants are eligible for such assistance, they often cannot afford to spend the tremendous time and energy demanded by the redtape associated with aid programs. Many programs, by holding out false hopes and promises, actually add to the hopelessness of rural people.

Finally, legal obstacles, residence requirements, and high illiteracy rates all conspire to limit farmworker registration and voting participation in the political process.

Throughout the course of the subcommittee's hearings, we will consider various aspects of a farmworker's bill of rights, a comprehensive legislative package to cure these exclusions and deficiencies. Similarly, we will be open to discussion of other legislative actions in the area of tax reform, Government procurement policies, farm subsidy programs, rural economic development proposals, development of cooperative land-use programs, redirection of the priorities of land-grant colleges, and other possible legislative remedies.

V. RURAL AMERICA—AGRIBUSINESS OR AGRICULTURE

Too often the picture of rural America today is one of weathered and empty stores, broken windows, collapsed or unpainted barns, rusted gas pumps, boarded-up houses, unkept farms, and eroded soil. Too many rural towns are shabby and declining.

These marks of physical decline are poignant symbols of a continuing human tragedy in rural America.

This tragedy is not the result of chance. It is the result of human choices—and failures to choose—over many years.

It is our purpose, in these hearings, to examine those past choices—in the hope that our choices and decisions in the future will be more rational and more compassionate, with the determination that all rural Americans will share fully in the decisions that deeply affect their lives.

There is no chance, after two centuries, that America can be the Nation of contented yeoman farmers that Jefferson envisioned. We have come too far for that: we are a Nation of factories and cities and superhighways; we are inevitably for better or for worse, a complex, technocratic, and mechanized society.

But for those Americans who still live on the land—small farmers and farmworkers—the deeper meaning of Jefferson's vision, if not its details, are still worth striving toward: First, a rural economy in which citizens "reserve to themselves a wholesome control over their public affairs." And second, a standard of living which insures that the fruit of a citizen's labor will bring fulfillment, not penury and dispossession.

It must be our purpose to insure that those great aims are not ground beneath the wheels of our fast-moving society. It will be the purpose of these hearings to determine whether these aims are being served by agribusiness and agrigovernment today. And if not—why not.

Not only rural Americans but all our citizens have a stake in the answers we find.

I would like to recognize, to begin the hearings, that my colleague Senator Hubert Humphrey and others in the Senate, are also deeply concerned about conditions in rural America. We on the Migratory Labor Subcommittee intend to work closely with them. This year as a member of the Senate Agriculture Committee, Senator Humphrey has assumed the chairmanship of a new subcommittee on rural development. We on the subcommittee of Migratory Labor look forward to the contributions of that subcommittee to the task of finding the solutions to problems in rural areas, and particularly anticipate with great interest the publication of Senator Humphrey's subcommittee's research into the economic and social conditions in rural America as a followup to the report of the President's National Advisory Commission on Rural Poverty.

In the meantime, in order that we might establish the context of our intensive study of the farmworker in rural America, we are pleased to have distinguished witnesses here this morning, the first of whom is Gov. Edward T. Breathitt, who served as chairman of the President's National Advisory Commission on Rural Poverty, and recently completed work on a Ford Foundation project on rural poverty.

Welcome, Governor Breathitt. I know, in view of your long and distinguished record of service in government, both at the State and national level, and your devotion to the cause of making rural America a healthier place for all people, that you can contribute immeasurably to one of our first objectives, which is to describe conditions in rural America at this time.

Do you have a statement, Governor, that you would like to enter in the record?

Mr. BREATHITT. Yes; I do.

Senator STEVENSON. You can proceed as you wish. We will put your statement in the record at the end of your testimony in any event and you may summarize your statement or proceed in any way you choose.

STATEMENT OF EDWARD T. BREATHITT, FORMER GOVERNOR OF KENTUCKY AND CHAIRMAN, PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY, 1967

Mr. BREATHITT. Thank you very much, Senator.

I appreciate the opportunity to appear before this subcommittee as it deliberates on some of the most important problems that face the Nation today—problems that involve personal tragedy for a large number of Americans and possible grave consequencies for all of us, no matter what our place of residence, our occupation, or our status in life.

I wish you well in your information seeking and I hope you will be able to devise legislative solutions to situations that have not only challenged us for years but have also shamed us by their existence.

Nearly 5 years ago I was called on to chair a Presidential commission studying the broad subject of rural poverty. The Commission report was issued in September 1967.

The information and the opinions I will pass along here today come in large part from the studies of the Commission, plus activities I have engaged in since that time on behalf of the Ford Foundation and to satisfy my own personal interest in the subject.

I would like at this time to pay respect to the members of the President's National Advisory Commission on Rural Poverty and to the professional staff which worked with the Commission. This staff was headed by Dr. C. E. Bishop who is now chancellor of the University of Maryland at College Park.

I am delighted to see that one of our outstanding members of the Commission is to testify this morning, Wilson King from your State, Senator.

It is my opinion that the Commission report was outstanding. It gave the Commission and staff considerable satisfaction at the time, and, viewed 4 years later, it still seems to be a valuable and appropriate piece of work.

You have asked me to help define rural poverty as it exists today.

Four years ago we reported that 14 million persons resided in poverty in rural America. This was some 25 percent of the people who lived in rural areas.

These poor, we pointed out, were located in all parts of the Nation, from migrant labor camps in south Florida to Eskimo villages in Alaska, from Indian reservations in the Southwest to New England, from Appalachia to the Great Lakes, to the Corn Belt, to the Rockies, to the Pacific.

We said that rural areas contained higher percentages of the very old and the very young, of the uneducated, and the unskilled, fewer of the people who could be really productive.

We said that people in rural America had health problems not experienced by urban people. That, despite the stories of poor urban housing—horrible and true—it was, on the whole, better than rural housing.

We reported that rural poverty was not simply a problem of people not having enough of the comforts of life, but often of having next to nothing at all, that there were people suffering from lack of clothing and fuel, that there was widespread hunger in rural America.

The report said that the rural citizen who looked to agriculture for a living was having an increasingly hard time of it and that the family farm was in danger of extinction.

We said that the farm held little fascination for the young because they saw such little opportunity to make a good living from farming. We said that the chance to follow other vocations was lacking in most rural areas.

And the 1967 report pointed out the obvious, that many of the problems of the cities relate directly to rural poverty and that the longer rural residents fail to find opportunity where they are and feel they must migrate, the more urban problems will be intensified.

These observations were made 4 years ago in "The People Left Behind," the report by the President's National Advisory Commission on Rural Poverty.

Sadly, we must face the fact that nothing much has changed in the last 4 years, that the report still has currency and validity.

True, the figure and the percentages have changed in some categories to indicate a measure of improvement.

Statistics in other categories, on the other hand, can be interpreted as showing rural residents even more poverty-stricken than before. And certainly this is likely to be true in a period of recession such as we are experiencing, even though some persons already poor may be statistically closer to their neighbors who have suffered greater recent reverses.

Some figures may show that slightly fewer people may be living in poverty in rural America than at times during the last few years. These figures are not necessarily encouraging.

They may mean only that more poor rural residents have taken the bus to the nearest city where they will be even poorer urban residents, fighting bleak employment prospects and otherwise scratching to survive in an unfamiliar environment.

When this happens, the problem of urban poverty has been increased. But I think it is important to point out that rural poverty has not been correspondingly decreased.

When an individual or a family moves from the country to the city because of unemployment or underemployment, the city and the country both lose.

I'm sure the Senator is familiar with uptown Chicago where a great number of Appalachian citizens moved there and have added greatly to the problem of that great city. The city must provide care and services for them.

The city must provide care and services which most cities are hard-put to provide and to finance at the present. Even a person who gets a job and makes an adjustment to city living in a relatively short time adds to the crowding and the congestion and competes with persons already there for his job, for housing, for health services, and transportation.

The rural area which lost this unemployed citizen may gain short immediate advantage in not having to provide support for him and his family but this is by no means certain to be significant because many rural jurisdictions provide little such support.

It is certain, however, that the area has lost a potential producing citizen, a potential taxpayer, and a potential link in the economic chain that must be forged if the community is not to fall completely apart.

I know that in my own State of Kentucky the total economy would be healthier and both city and country living would be better if we had devised some way during the last 30 or 40 years to make citizens self-sufficient in their home communities.

And I am sure that rural areas in States that are neighbors of mine would be better off if community leaders had urged and helped people to stay and participate in the economic life of the community even though their value as workers in agriculture and other rural pursuits had ceased to exist.

The story of rural poverty is a story of human waste and the Nation must not allow it to continue.

The fact that rural poverty causes urban poverty is a fact I have referred to a number of times, and is, in itself, a sufficient reason to call on all our resources to eliminate rural poverty.

But let us for a little while consider rural poverty alone, on its own demerits. Let us consider only the poverty that has not left the country for the city. And let us ask if America does not owe the large number of citizens who are its victims something better in the way of opportunity.

Asking that, let us also ask if we do not owe something more to our own pride in being Americans and if it is right that the conscience of this great Nation remain undisturbed by the plight of a large number of its people.

I speak of those who are now destined to live out their lives in discomfort, loneliness, and squalor, many of them cold in the winter, wet when it rains, hungry most of the time, living in homes without heat, without plumbing, without electricity, lacking health care, lacking communication with their neighbors, lacking transportation out of the neighborhood.

These citizens are also destined to live out their lives with little education, no marketable skills, without cultural advantages or resources of any kind. They do not know enough to exist other than marginally and they are at the mercy of others in position to offer them the most menial and onerous employment.

They do not participate in community activity nor are they likely to contribute to the good of the community. They are less likely to vote than other citizens. Their legacy to their children will be a lifetime of the same kind of bleak existence.

It would be nice if these Americans had been conjured up by some inventive person seeking to influence some program or some course of action, if they were the product of some poetic fancy.

But they are real. Their story is told in table after table, chart after chart, that show the disparity between urban life and rural life in many vital categories:

There are fewer doctors per capital in rural areas. There are fewer dentists. There are fewer people who get physical examinations. There are fewer persons covered by medical insurance. Birth rates are higher. Infant mortality is higher. There are more elderly people with disabilities.

Educational attainment is lower. There are fewer schools. There are more substandard housing units, fewer units with plumbing and electricity. There are fewer days worked, wages are lower—and, of course, personal income is lower. So much lower than the percentage of persons in rural areas living in poverty is nearly twice that of persons in urban areas.

The people in rural America have traditionally followed many lines of work. Mining, lumbering, fishing and small industries of numerous types have been and are important. Opportunities in many of these endeavors seem to have diminished in recent years and they have produced their share of the migrants who leave their rural homes to travel in almost endless patterns across the face of America.

Agriculture has been, of course, the main business of rural America and I would like today, in closing my testimony to point particularly to the need for it to be providing greater income for those who follow it.

The health of rural America can never be sound as long as the farmer, the man who has always been the backbone of the nonurban portion of this Nation, is not able to make an adequate living, care for his family properly and look to an old age free from want.

Rural America can never be healthy as long as the farmer's son decides farming is not for him and leaves for other pursuits, leaving behind not only the family farm but leaving also an economic void where once there was economic activity.

There are many people who have observed the situation and given up on family farms, Senator. In our hearings initially, the people who first testified at our hearings, many of the people I have worked with, have told me there is really no future for the family farm. After our year and a half work on the Commission, I think most of those members are convinced that the family farm is a living center for a tremendous number of American people as an institution, provided we have the ability in this country to provide the assistance to that institution, to offer opportunities to hold the children at home, that cannot break the hearts of the school superintendents and the teachers who work in the country schools with these young people by seeing them leave because there is no opportunity, or break the hearts of their parents when those children leave.

Most of them would rather stay. We would like to point out and urge that this is one aspect we must not just write off. The acreage that he leaves no longer produces food and it no longer produces income for the people who did business with the son's father.

Gone are the sales made to him by local merchants and farm supply people. Gone are the commissions made on his livestock. Gone is the business he did with his neighboring insurance agency and his bank. Gone are the taxes he would have paid to local government.

It is no exaggeration to say that not only farms but farming communities are dying in many parts of the United States, being vacated by the farmer who can no longer make a living farming and being shunned by the farmer's sons and daughters who are not attracted by the hard work that is likely to produce only a marginal existence.

It is also no exaggeration to point out that this dimension of rural poverty could jeopardize our national well-being by causing a crisis in food production.

Farming has never been an easy vocation to follow but policies and situations that allow the farmer to realize only a small portion of the amount the consumer pays for the food he buys—at this time about 39 percent—are making it intolerable and impossible.

The Nation must make changes so that the farmer may be properly compensated for the work he does and for the investment he has made. As things stand today he creates wealth on which others can make a profit but gets precious little profit for himself.

The farmer—and I speak of the small farmer here, not the tax-loss farmers, not the major corporate farmers, those farmers I'm sure Wilson King will testify about in his testimony—these small farmers must be allowed to be a full partner in their own enterprise.

I believe that most of our citizens would like to live in rural America—and public opinion polls indicate that this is true. How many of these people would actually move to the rural areas if they had to make that determination, I don't know, but the fact that they say they would like to points out the basic problem in urban living that faces many people.

It is to the advantage of the cities, the country, the small towns, and the Nation as a whole that they be allowed to follow this wish, that the opportunities and the services and the conveniences be created that would make the prospect of their leaving our glutted metropolitan areas a reasonable prospect.

And it is to the advantage of all concerned, as well as simple equity, that things be done to improve the quality of life for those who now live in our rural areas so that they may stay there and find the full advantages of citizenship.

I hope this subcommittee, Senator, will succeed in getting some of these improvements started.

Let me tell you how disappointing it is after dedicating a year and a half of my life as chairman of the Presidential commission with high hopes, and I mean it was a hard-working committee; we held hearings all over this country, we had a number of dedicated people who worked on that commission, outstanding people in their fields; we started out with every support, and I can recall when we met at the White House with the President and he gave us our challenge and our charge, we did accept it and when we filed this report it was right in the period in late 1967 when the poverty bill was facing the prospect of failing in the Congress of the United States, and this report was almost buried and nothing had been done.

I think it is very important, and I think you have a tremendous opportunity, Senator, you and Senator Humphrey and Senator Pearson and those who are showing interest now in holding hearings and introducing leglislation, to pick this up and go with it; but I certainly hope you can do what many of us have failed to do, and that's to alert the people of this country to this tremendous problem and get action.

Almost nothing has happened. I know how a distinguished citizen of your State, Governor Kerner, now Judge Kerner, who headed another Presidential commission at the same time, did an outstanding job, I think, in pointing out to the country the problems that existed. He got early publicity and his report had wide circulation and I'm satisfied it will have some effect, but when it comes to totaling up the actual examples of implementing the recommendations of that report, we find almost nothing has been done.

I predict that the commission that Senator Harris and Mayor Lindsay and others are working on will recite the same litany that we have recited in this report, and many of the things in the Kerner report will be recited, but the tragic thing in America is that that's where it ends.

Thank goodness we have people like you, Senator, and your subcommittee and your staff who are dedicated to doing something about it. You have my support, and wherever those of us who are interested in this area can be of any help, we'll give you all the help we can.

Senator Stevenson. Thank you very much for your most helpful statement.

Why is it that there hasn't been any action? Is this the fate of reports of all Presidential commissions, or does it have something to do with the powerlessness of the poor?

Mr. Breathitt. I think it wasn't good politics to be for poverty, solving the problems of poverty in 1967. The bill was almost defeated to provide for the appropriation for the extension of a poverty program. I think that was one thing.

We didn't have the public support in the county seat towns in America. I think many people were not willing at that time or perhaps able to provide the leadership in the Congress, and the executive department of the Government didn't feel they had the support to provide the leadership to do what needed to be done in this country.

I think it is a sad commentary on this Nation that has held out the American dream for so long that we have been unable to do it and that we abandoned 14 million people to a hopelesss situation unless we do something.

Senator STEVENSON. Do you think we have regressed in many respects?

Mr. BREATHITT. Oh, yes; I think there's no question of that.

Senator STEVENSON. Is it fair to say that Government policies on the whole have accelerated the migration from small farms in rural America to our already overcrowded cities, accelerating the continuing trend toward bigness in agriculture?

Mr. BREATHITT. I think that's true. For one thing, Senator, rural America has no strong effective adversary group that encompasses the entire area of rural America. In our great cities the Urban League, the Conference of Mayors, and so on, have provided a tremendously effective voice that speaks in a very effective way before the Congress and before the Nation, but there is no counterpart to that in rural America.

We have strong commodity groups, strong farmer groups, strong environmental groups that are concerned about rural America, but we have no strong adversary group that has a constituency that is militant and strong and demanding that something be done.

I think that's one thing we lack. I think that would help the situation to provide the support that those of you who are interested in solving these problems need.

Senator STEVENSON. You spoke of uptown Chicago. In fact, my home is very near uptown Chicago. We are all familiar with conditions that exist in large part in most of our large cities, and we hear a great deal about conditions in the smallest communities, the rural areas, too; but, we don't hear much about the intermediate sized cities throughout the country. I find in my own State communities like Bloomington and Quincy are stagnating, they aren't growing unless there's a university present in the community, in which case they grow. But these are communities which also are heavily dependent upon agriculture.

As migration continues to the big cities, these intermediate-size cities wither on the vine. They, too, have rotting inner cities, rotting cores. There's no growth in most of those communities. You end up, at least in my own State, with every community suffering as a result of conditions in rural America, and in my own State, which is relatively rural except in the northernmost part of the State, that includes a lot of people and a lot of communities.

How do we begin to reverse some of these trends? How do we change our policies from encouraging virtually all of the growth in this country in the larger metropolitan areas, which are becoming increasingly crowded, increasingly ungovernable, and in some cases uninhabitable? How do we redirect growth to these intermediate-sized cities, and get some foundations on which to build? How do we go about it?

Mr. BREATHITT. Well, Senator, one of our great problems is in the eastern half of our State; in the central and western areas where we have agriculture problems; and the eastern part, of course, our problem is not agriculture because the mining industry has become automated, and a tremendous number of people who previously worked in the coal mines have gone into these areas.

The problem they receive when they go to an intermediate-size town is that they cannot find the job opportunities. They do not have the social services that can help them get the type of vocational education necessary to equip them.

You have a 45-year-old coal miner who may have black lung problems, he's simply not able to make it in his hometown, and he hears from his cousin in Dayton, Ohio, that he might have a job for him, and he goes up there, and he's out of a job market, so he finds no help there.

Many of your social workers have had to come back, for example, in eastern Kentucky, from your intermediate cities and large cities and make a study of the problems in the home areas of these migrants before they can effectively help them in these cities.

I think it's important that you have programs that can train them and programs that can provide jobs, and programs to provide housing and programs that can provide adequate health facilities for these people, and certainly educational facilities for their children; and they are finding those programs have not been provided.

The same is true in their own home communities, so they do not have to leave. The family farm is a good place to live if they can make a living, and they probably can't make it purely out of agriculture as they did at the turn of the century, but if you provide a job where the children can work in that job there and live there, and work on the farm on weekends, or afternoons and holidays, it's an added income to them and their families, and if you can provide health facilities and social opportunities and provide transportation facilities, libraries, and schools, and the advantages they want in life for themselves and their children, it would be great.

I can remember when President Johnson in 1964 made a tour of the Appalachians to see the poorest person they could find in the United States. We had Secretary Wirtz, members of the Cabinet, and a big retinue of newsmen from Washington coming down with television cameras in a big bus, and we walked way up in the valley to see this fellow living in a little shack in eastern Kentucky.

It was a beautiful spring day, and everybody was perspiring and hot and uptight from all the problems, and they found this fellow, to come save him, and I was sitting with your fellow Illinoisan, former Labor Secretary Willard Wirtz, and he said this fellow is supposed to be the least privileged citizen of the country, and the dogwoods and redbuds were blooming, there was a clear little stream and the air was unpolluted, chickens were playing in the yard. He said, "I'd like to change places with him."

Now, if that fellow had a job and his children had the encouragement to have a good education, his little hillside garden farm could help him. Those children could be productive members of society and not create a problem to uptown Chicago or Dayton, Ohio, or Indianapolis.

There are thousands of family farms with great people, excellent citizens, productive and hard working, and their children leave. I've talked to the schoolteachers at South Christina High School and elementary schools, it breaks their hearts. They want to live there, their families for generations have been living there. Your grandfather's old farm is there in Christian County.

They will come home on long week ends. The bridges on the Ohio River on long holiday weekends are crowded with Illinois, Indiana, and Ohio cars that are really Kentuckians coming home. Many of the wives and families are still there on the old farm.

This situation exists all over the country, and why worry about solving this with some dramatic new town when millions of people in this country, if we provide a simple opportunity for them where their families for generations have survived and lived and made a contribution. It's not all that difficult.

New towns are great as an experiment, and perhaps may offer real hope, but an industrial park in a small town in rural America where you have the other things that will attract an industry—schools, transportation, health facilities for communities, housing, colleges, and cultural advantages will attract industry. We found it when we built our roads in the mountains, in the rural areas. I had our Commerce Department make a study, and it is amazing the job opportunities that followed these transportation routes that opened up in these areas.

Senator STEVENSON. Governor, I've been out in similar parts of America where the dogwoods don't blossom in the spring. In the Rio Grande Valley not long ago, we saw a flood of labor coming across the bridge from Mexico to add to the already flooded labor market. We saw oranges rotting on the trees. We saw very little economic development, yet with a year around growing season in south Texas, we thought a good potential for economic development existed, including the development of food processing industries to use all the labor that is there.

Yet we saw very little manufacturing processes, and very little industry in the valley. As far as I could tell, there was very little prospect for industry. What does it take to get industry into such areas?

Is it true, as some claim, that farmworkers do not have the skills or the motivation to take or fill jobs in industry?

Mr. BREATHITT. Senator, in our studies, and we held hearings in the Southwest and on the Pacific coast, our studies showed what every study has always shown, that's true, they don't have the motivation, they don't have the job opportunities, they don't have the education. Unless we provide it for the young and the middle aged, and the trainables, you're going to have an endless cycle of just the same thing.

Once you have a trained labor pool, and once you do provide the incentives and opportunities for employment, you start getting into the problem, and we found areas in the country, surprisingly few, but we did find areas where this has been done. But there are no programs to adequately house, adequately care for the medical problems, adequately educate and adequately train these people, and adequate job placement and counseling; and there's no intermediate program to provide a livable income for them.

Senator STEVENSON. So many of these people must have some motivation. They go all across this country in a desperate search for jobs—very low paying, hard jobs. Why aren't there programs to provide the opportunities, to develop the skills, or to improve housing, education, and services in areas such as the Rio Grande Valley?

Mr. BREATHITT. Senator, they aren't there because we haven't had the leadership and support to provide it. Until we have that leadership and support to provide it, you won't have it because these 14 million people have no organized voice. There are powerful lobbyists in Washington representing all other groups, but there's no powerful lobby in Washington representing these 14 million people.

Senator BEALL. I apologize, Governor, for not being here to hear your whole statement. I understand from your remarks that one answer is the Government must help to provide education.

It seems to me the Appalachian program is one of the best programs we've come up with in recent years, whereby we're building a base in providing more schools, more vocational training opportunities, more hospitals, more regional medical centers, providing a base upon which private industry can come in and develop these areas; isn't that true? Hasn't that program been of assistance?

Mr. BREATHITT. That's right, Senator, and I think what that has done is to prove these programs can be effective, if we have an adequate number of programs, and adequate commitment on the part of this country toward providing for all of our citizens.

You can take counties in the Appalachian area where they've actually reversed the migration of labor, where they've used imaginative programs, where these highways have opened up and where they've located community colleges and health centers. People are willing to locate a plant there and they are finding it an excellent labor pool.

I'll give you an example. In Floyd County, Ky., I talked to the school superintendent about his work experience with a training program that Congressman Carl Perkins initially worked very hard to get. These children of these parents weren't dropping out of school after their parents were working on a public project and going to a training program and learning to read and write, because they developed a pride because the father was working and bringing home a paycheck and not bringing home food stamps, but they were programs funded by the Congress and initiated by the executive branch of Government, and by leaders within Congress, and it has worked and will work.

The Appalachian program is a great success in my judgment because of the direct results of these type——

Senator BEALL. Experience probably teaches us we're a lot more successful when we zero in on a regional approach because we're taking a part of the country where the problem exists and treating it.

Mr. BREATHITT. Certainly you have to approach the problem of the American Indian in the Southwest, or the Mexican Americans, or the Appalachian white, or delta black, but there are basic, underlying problems that exist with every one of them. That's the failure of our society and our country to provide basic opportunities for education and jobs and a decent living environment that develops a healthy productive citizen.

I think the same general approach can be applied all over the country. Now, implementing it, I think the regional concept is an excellent way to do it. I wish instead of just an Ozark commission, a New England commission, an Appalachian commission, or Great Lakes commission, that we'd have a system whereby every State, every area could work within a regional commission; or an entity that would mobilize all resources of the Federal Government and State and local governments toward solving these problems.

There are other things I think we found in rural America, particularly the problem of adequate credit, long term, low interest credit in rural areas; direct credit and other methods aren't comparable to the credit opportunities you find in the smaller cities. That's true today. Fortunately, I understand that legislation is being considered, or being introduced before the Senate by members of both parties; Senator Humphrey and Senator Pearson and others have an interest in it, and I certainly hope that that problem will be alleviated in the near future.

Senator **Beall**. We have all these programs in Washington for education, housing, and so on. To what extent does rural America suffer because rural America isn't as skilled in the art of grantsmanship as the more sophisticated parts of our country?

Mr. **Breathitt**. It suffers because mayors in the larger cities have outstanding staffs, but again not only your regional approach to solve the problem on a multi-State basis, but within States, the multicounty districts are providing that know-how to a group of county judges and mayors of small towns.

You take the mayor of Robinson County, Ky., a county of 2,200. He may make $125 a month and have no help, no staff, or a county judge, he doesn't have the time. He has to go to Cleveland for airport aid, has to go to Atlanta for housing, Charlotte for educational assistance, and he doesn't have the budget to fly around on that merry-go-round to all the Federal agencies from the Great Lakes to the South Atlantic.

But if he's a part of a multicounty area that includes Lexington, Ky., and you have a trained fellow that's a pretty good grantsman and understands the programs and has the help of the extension service of the university serving on the board, and some Federal assistance, the VA and others in the area, Farm Credit Administration, Soil Conservation Service, then this fellow with that kind of help can put together applications and they can get their fair share.

The main thing they can plan for the development of their area and establish good priorities, whereas a lot of times if you just sit there and let it be planned in some office in Washington, their priorities may be outlawed. It may be a good thing to have an airport or State park or something else in the area, but that may not be the item of greatest priority in the area.

I think it's good to start at the local level and develop the expertise, establish priorities and develop a program, and then work up to the regional level and then to the Federal Government. If you can do that, once you get to the Federal Government, you've got to have the programs, however, and today I don't think we have the programs.

It would be very frustrating if this local county judge, the local mayor developed this program and they have a big mass meeting of all the citizens, they all see a new day is coming, they go to the regional meeting and get what help they can get there, and get turned down in Washington because they don't have adequate funds and there is no bill that will provide it, it's still languishing in committee.

They are frustrated, they lose confidence in the Government, they go home out of desperation and move to uptown Chicago.

Senator **Stevenson**. Governor, I think you put your finger on one of the problems here, the powerlessness of the rural poor. We had a case in point just a few days ago in the Senate. The Government has a program such as sections 235 and 236 of the Housing Act, to provide housing for low-income citizens—public housing for the poor. None of those programs reach the rural poor. They don't meet the income requirements of section 235 or 236, and there's no other public housing program that is adequately funded for rural America.

There are some FHA-administered programs that are intended to provide low-interest loans but they're not adequately administered or funded. The reason is the powerlessness of the people in rural America. There's legislation on the books, there are some programs, but they are not really working.

Well, I want to thank you again, Governor. I recently arrived here in the Senate. I don't feel like Secretary Wirtz. I'm not ready to trade my job for the fellow sitting on the stream. It sounded like one of my relatives in Kentucky.

Mr. **Breathitt**. I do appreciate this opportunity to testify, and you will be very welcome in our home county and State, and with your permission and the permission of the committee, Senator Beall, I would like to file the work of our committee for rural America. If I can do that, I'll get that material together and send it to you.

(The material referred to appears in the appendix.)

Senator **Stevenson**. Thank you very much, Governor.

(The prepared statement of Mr. Breathitt follows:)

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STATEMENT BY
EDWARD T. BREATHITT
BEFORE THE SUBCOMMITTEE ON MIGRATORY LABOR
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

July 22, 1971

I appreciate the opportunity to appear before this subcommittee as it deliberates on some of the most important problems that face the nation today -- problems that involve personal tragedy for a large number of Americans and possible grave consequences for all of us, no matter what our place of residence, our occupation or our status in life.

I wish you well in your information-seeking and I hope you will be able to devise legislative solutions to situations that have not only challenged us for years but have also shamed us by their existence.

Nearly five years ago I was called on to chair a Presidential commission studying the broad subject of rural poverty. The commission report was issued in September 1967.

The information and the opinions I will pass along here today come in large part from the studies of that commission, plus activities I have engaged in since that time on behalf of the Ford Foundation and to satisfy my own personal interest in the subject.

I would like at this time to pay respect to the members of the President's National Advisory Commission on Rural Poverty and to the professional staff which worked with the commission. This staff was headed by Dr. C. E. Bishop who is now chancellor of the University of Maryland at College Park.

It is my opinion that the commission report was outstanding. It gave the commission and staff considerable satisfaction at the time

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and -- viewed four years later -- it still seems to be a valuable and appropriate piece of work.

You have asked me to help define rural poverty as it exists today.

Four years ago we reported that fourteen million persons resided in poverty in rural America. This was some twenty-five per cent of the people who lived in rural areas.

These poor, we pointed out were located in all parts of the nation, from migrant labor camps in south Florida to Eskimo villages in Alaska, from Indian reservations in the Southwest to New England, from Appalachia to the Great Lakes, to the corn belt, to the Rockies to the Pacific.

We said that rural areas contained higher percentages of the very old and the very young, of the uneducated and the unskilled...fewer of the people who could be really productive.

We said that people in rural America had health problems not experienced by urban people. That, despite the stories of poor urban housing -- horrible and true -- it was, on the whole, better than rural housing.

We reported that rural poverty was not simply a problem of people not having enough of the comforts of life but often of having next to nothing at all...That there were people suffering from lack of clothing and fuel, that there was widespread hunger in rural America.

The report said that the rural citizen who looked to agriculture for a living was having an increasingly hard time of it and that the family farm was in danger of extinction.

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We said that the farm held little fascination for the young because they saw such little opportunity to make a good living from farming. We said that the chance to follow other vocations was lacking in most rural areas.

And the 1967 report pointed out the obvious...that many of the problems of the cities relate directly to rural poverty and that the longer rural residents fail to find opportunity where they are and feel they must migrate, the more urban problems will be exacerbated.

These observations were made four years ago in The People Left Behind, the report by the President's National Advisory Commission on Rural Poverty.

Sadly, we must face the fact that nothing much has changed in the last four years -- that the report still has currency and validity.

True, the figures and the percentages have changed in some categories to indicate a measure of improvement.

Statistics in other categories, on the other hand, can be interpreted as showing rural residents even more poverty-stricken than before. And certainly this is likely to be true in a period of recession such as we are experiencing, even though some persons already poor may be statistically closer to their neighbors who have suffered greater recent reverses.

Some figures may show that slightly fewer people may be living in poverty in rural America than at times during the last few years. These figures are not necessarily encouraging.

They may mean only that more poor rural residents have taken the bus to the nearest city where they will be even poorer urban residents, fighting bleak employment prospects and otherwise scratching to survive in an unfamiliar environment.

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When this happens, the problem of urban poverty has been increased. But I think it is important to point out that rural poverty has not been correspondingly decreased.

When an individual or a family moves from the country to the city because of unemployment or under-employment, the city and the country both lose.

The city must provide care and services which most cities are hard-put to provide and to finance at the present. Even a person who gets a job and makes an adjustment to city living in a relatively short time adds to the crowding and the congestion and competes with persons already there for his job, for housing, for health services and transportation.

The rural area which lost this unemployed citizen may gain short immediate advantage in not having to provide support for him and his family but this is by no means certain to be significant because many rural jurisdictions provide little such support.

It is certain, however, that the area has lost a potential producing citizen, a potential taxpayer and a potential link in the economic chain that must be forged if the community is not to fall completely apart.

I know that in my own state the total economy would be healthier and both city and country living would be better if we had devised some way during the last thirty or forty years to make citizens self-sufficient in their home communities.

And I am sure that rural areas in states that are neighbors to mine would be better off if community leaders had urged and helped people to stay and participate in the economic life of the community even though

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their value as workers in agriculture and other rural pursuits had ceased to exist.

The story of rural poverty is a story of human waste and the nation must not allow it to continue.

The fact that rural poverty causes urban poverty is a fact I have referred to a number of times...and is, in itself, a sufficient reason to call on all our resources to eliminate rural poverty.

But let us, for a little while, consider rural poverty alone, on its own demerits. Let us consider only the poverty that has not left the country for the city.

And let us ask if America does not owe the large number of citizens who are its victims something better in the way of opportunity.

Asking that, let us also ask if we do not owe something more to our own pride in being Americans and if it is right that the conscience of this great nation remain undisturbed by the plight of a large number of its people.

I speak of those who are now destined to live out their lives in discomfort, loneliness and squalor -- many of them cold in the winter, wet when it rains, hungry most of the time...living in homes without heat, without plumbing, without electricity...lacking health care, lacking communication with their neighbors, lacking transportation out of the neighborhood.

These citizens are also destined to live out their lives with little education, no marketable skills, without cultural advantages or resources of any kind. They do not know enough to exist other than marginally and they are at the mercy of others in position to offer them the most menial and onerous employment.

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They do not participate in community activity nor are they likely to contribute to the good of the community. They are less likely to vote than other citizens.

Their legacy to their children will be a lifetime of the same kind of bleak existence.

It would be nice if these Americans had been conjured up by some inventive person seeking to influence some program or some course of action...if they were the product of some poetic fancy.

But they are real. Their story is told in table after table, chart after chart that show the disparity between urban life and rural life in many vital categories:

There are fewer doctors per capita in rural areas. There are fewer dentists. There are fewer people who get physical examinations. There are fewer persons covered by medical insurance. Birth rates are higher. Infant mortality is higher. There are more elderly people with disabilities.

Educational attainment is lower. There are fewer schools. There are more substandard housing units, fewer units with plumbing and electricity. There are fewer days worked, wages are lower...and, of course, personal income is lower.

So much lower that the percentage of persons in rural areas living in poverty is nearly twice that of persons in urban areas.

The people in rural America have traditionally followed many lines of work. Mining, lumbering, fishing and small industries of numerous types have been and are important. Opportunities in many of these endeavors seem to have diminished in recent years and they have produced their share of the migrants who leave their rural homes to travel in almost endless patterns across the face of America.

Agriculture has been, of course, the main business of rural America and I would like today, in closing my testimony to point particularly to the need for it to be providing greater income for those who follow it.

The health of rural America can never be sound as long as the farmer, the man who has always been the backbone of the non-urban portion of this nation, is not able to make an adequate living, care for his family properly and look to an old age free from want.

Rural America can never be healthy as long as the farmer's son decides farming is not for him and leaves for other pursuits, leaving behind not only the family farm but leaving also an economic void where once there was economic activity.

The acreage that he leaves no longer produces food and it no longer produces income for the people who did business with the son's father.

Gone are the sales made to him by local merchants and farm supply people. Gone are the commissions made on his livestock. Gone is the business he did with his neighboring insurance agency and his bank. Gone are the taxes he would have paid to local government.

It is no exaggeration to say that not only farms but farming communities are dying in many parts of the United States, being vacated by the farmer who can no longer make a living farming and being shunned by the farmer's sons and daughters who are not attracted by the hard work that is likely to produce only a marginal existence.

It is also no exaggeration to point out that this dimension of rural poverty could jeopardize our national well-being by causing a crisis in food production.

Farming has never been an easy vocation to follow but policies and situations that allow the farmer to realize only a small portion of the amount the consumer pays for the food he buys...at this time about 39 per cent...are making it intolerable and impossible.

The nation must make changes so that the farmer may be properly compensated for the work he does and for the investment he has made. As things stand today he creates wealth on which others can make a profit but gets precious little profit for himself.

The farmer -- and I speak of the small farmer here -- must be allowed to be a full partner in his own enterprise.

I believe that most of our citizens would like to live in rural America...and public opinion polls indicate that this is true.

It is to the advantage of the cities, the country, the small towns, and the nation as a whole that they be allowed to follow this wish, that the opportunities and the services and the conveniences be created that would make the prospect of their leaving our glutted metropolitan areas a reasonable prospect.

And it is to the advantage of all concerned...as well as simple equity...that things be done to improve the quality of life for those who now live in our rural areas so that they may stay there and find the full advantages of citizenship.

I hope this subcommittee will succeed in getting some of these improvements started.

Senator STEVENSON. Our next witness is Leon Keyserling, who is well known to everyone in this hearing room. He is a prolific writer, and among other official capacities, was the former Chairman of the President's Council of Economic Advisers. I thank you, Mr. Keyserling, for joining us this morning.

STATEMENT OF LEON KEYSERLING, FORMER CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS; CONSULTING ECONOMIST AND ATTORNEY; PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS

Mr. KEYSERLING. Mr. Chairman, and members of the committee, I have the dubious pleasure of stating at the beginning, presumptuously, what I think this subcommittee can do and cannot do. The greatest thing the subcommittee can do is to call to the attention of the Congress at large, and the country at large, how little it alone can do unless there is wider assumption of responsibility, based upon true knowledge of how large the problem is. The migratory farm labor problem does not exist in a vacuum. It exists in the whole U.S. economy, and derives from it.

I have been through the mill of 38 years in Washington, a good part of the time working up here and appearing before Senate committees. I have seen innumerable earnest efforts to tackle some limited but vitally important problem. I have come up against frustration because that limited problem was but a byproduct of a larger problem which the Government in particular, the Nation in general, and the people universally, have been abominably neglecting and terribly mishandling.

This argument boils down to the point, and I'm not interested in semantics, to interpret my phraseology, that unless this great America of ours, challenged at home and overseas, economically and otherwise, begins to learn to plan, begins to put some planning into its national economic policies and operations, we will be making the same miserable, ghastly mistakes that we have made all too frequently. A good example is the war against poverty. This is a war which, in a nation with our resources and our needs and the urgency of the problem should have been half won in the few years since it was initiated, if we had applied to the program originally the first concept of strategic planning and isolating out the few important things that needed to be done, and doing them. Instead, we set in motion a medley of pure experimentation, devolving upon local communities many thousands of different programs competing with one another, and based upon a thousand untested theories.

The reason I say this is not because I want to get off my chest something that has nothing to do with the problem before this committee, but rather because it has everything to do with the problem before the committee.

The problem of the impoverished and exploited migrant farmworker is a part of the problem of the total use of the labor force of America. So long as we do not have a true, full employment program for the Nation, it is always going to be true that those most vulnerable because they happen to be on the periphery are going to be hurt worst.

There's no way of equalizing the situation in a free democracy, under the kind of economic system we have, to the point where everybody is in the same situation. We can at best create the kind of environment where the whole is sufficiently healthy, not with everybody is in the same position, but with everybody is in a decent position. This is an attainable goal.

Similarly, and for the same reason, the problem of the migrant farm laborer, in addition to being a byproduct of our mishandling of the full employment problem and the economic problem generally, is a by-product of the mishandling of the farm problem, because the migrant farm laborer cannot at best be as well off as the moderately prosperous and stable farmer.

We can have an American agriculture sufficiently prosperous and sufficiently decently treated for the migratory farm laborer to be decently treated and have decent opportunity and have an American standard of living. Or we can deliberately avoid that kind of American agriculture, and through the cruel impact of the combination of the kind of American agriculture we now have, and the kind of general economic policies we now have, the most vulnerable people will remain in the misery they now experience.

This is a political problem, I've heard it said: Of course, everything in a democracy is a political problem. But insofar as it is said this is an insoluble political problem because the farm population has become too small, or the most vulnerable part of the farm population too small, for the Nation at large to care about it, or do anything about it, this is both a true and a false claim.

It is true, if we persist in the notion that the only people who have a vital interest in the farm population are the farm population, and that the only people who have a vital interest in migrant labor is migrant labor. But this gets back to my point of the planning approach as against the scattered ad hoc approach; because, if we looked at it rightly, there is nothing that has done more damage to the American consumer at large, to our American cities at large, to the American work force looking for jobs at large, than the way we have handled American agriculture.

There's some faint glimmering of realization of this today. But there was very little realization of it a quarter of a century ago, when our current national farm policies commenced to evolve during the post war period, and the challenge now is drastically to revise these misguided national farm policies.

Let's look at what the concept was. It was very simple, simpler than the truth. First it was said that we had farm overproduction, although we never had farm overproduction measured against the true needs of our people for nutrition, and measured against the real potentials under the kind of national planning I'm talking about. This is not totalitarian; it is merely the difference between a man and an animal. A cat doesn't look ahead and a man does, and that's planning.

The Employment Act of 1946 was intended to give us that kind of planning, but it never has.

Proposition No. 1, with regard to agriculture, was that we had too much food production. But not so, if we really wanted to meet our domestic needs, if we had made, as I have been urging for those 25 years, a real national economic and social budget. And in a worldwide perspective, how much better off our balance-of-payments position would have been, how much better off our domestic economy would have been, if we had vindicated the potentials of American agriculture in the world economy. The world need for foods and fibers is getting greater, the natural technological advantage of America in farm production is greater. But we never woke up to this opportunity, and we never realized the advantage of substituting food for guns, and I'm not an ideologist.

What has been the second assumption of the farm program? The second assumption has been that farm prices were falling because we had overproduction. So the effort was made consistently to decrease the support of farm prices, the theory being that by thus lowering temporarily farm income, the farmers would be driven off the land, and as they were driven off the land production would come into balance; and as the overproduction decreased and production came into balance, the farmers would have decent incomes and those driven off the land would find nice, comfortable jobs in American industry.

I have insisted all along that, first of all, there were many evidences that there was no general farm overproduction. Even at their worst, the farm surpluses were a miniscule portion annually of the farm product, relative to the surpluses in other parts of the economy. The surpluses of labor force, steel capacity, and so on, were all greater than farm surpluses. There has been hardly an adequate reserve supply of farm products, and the so-called surpluses would have been absorbed many times over if we had an adequate distribution program.

But because of the necessities of the market place, the so-called farm surpluses had to be supported by Government aid, while the other surpluses were paid for by consumers through the price structure. Consequently, nobody awoke to the fact that the cost of the farm program was relatively very small, but everybody raised the hue and cry of the immense cost of doing justice to American agriculture.

The next point is that, as I have pointed out for 25 years, the uprooted farmers weren't going to get jobs in industry. Anybody could look and see what the technology trends were, but mostly the economists said these farmers could get jobs in service trades. I said the employment rate there was as high as it is elsewhere. What we have actually experienced, during the past 5 or 10 years, is that the cumulative dispossession of farm labor from the farm has been greater than the total excess unemployment in the United States, above the normal level of unemployment.

Putting it another way, this simply means that, other things being equal, the disposession of farm labor has contributed enormously, out of all proportion to the size of the farm labor force, to the total excess unemployment. If you look back, in some cases half a generation, in most cases two generations, 70 to 90 percent of all the black and white people in the cities were driven off the farm by the "farm problem."

Now, having outlined these aspects of the problem, I want to give you a few figures if I may, and then indicate a course of redirection.

First of all, I have figures here from 1947, which is the first year after World War II in an economic sense, to 1970. During that time, total nonfarm personal income in the United States, and this is here measured in uniform dollars, went up 159 percent. During that same period of time, the farm operators' income went down 39 percent. But then, it has been said the farmer has other sources of income, through some industrial work, et cetera. Farm personal income from all sources, including the members of the farm family who are domestics or work part time, has gone down 24 percent over the same 23 years.

Beyond that, the horribly disparate trends from 1947 to 1964 have become worse from 1964 to 1970.

Second, it is said, well, this has happened because the farm population has declined, and if you allow for the farm population decline, the farmers haven't done so badly. One of the troubles with this argument, as I've already stated, is that you can probably make the average income of farm families very high by reducing the number of farms in the United States to one, and putting all the rest of the farmers on the relief rolls in the cities, and having an even greater shortage of food. But even putting aside the point that we shouldn't have had as many fewer farm families as we have actually had, and that it would have been cheaper and more efficient for the Nation to bear the cost for helping them stay on the farm and to absorb their production in useful consumption, than to put them where they are, what are the facts?

The average annual income of families in the United States in 1970 was $7.7 thousand for farm families and more than $10 thousand for nonfarm families. And here, too, the gap has widened. But this does not reveal the picture, because averages never do.

Let's look at the families living in poverty. Because I have had only a short time to bring the statistics together, my figures only go up to $3 thousand a year annual income, which we know is very far below the poverty cellar, but this merely emphasizes the problem even more.

In 1970, 6 percent of the farm families had incomes of less than a thousand dollars a year, compared with 1.4 percent of the nonfarm families. Twenty percent of the farm families had incomes under $3,000 a year, that's cumulative, compared with 8.3 percent of the nonfarm families, or a concentration two and a half times as great among the farm families.

Now, the number of euphemistic excuses we hear for this would be laughable, if they weren't criminal.

First, we hear about how much lower the cost of living is on the farm. In a modern sense, it isn't the cost of living, it is the standard of living that is so much lower on the farm. The farmer doesn't any more feed himself. If he's going to have any chance in the commercial market he has to concentrate on a few crops, and unless we assume that the farmer is only going to eat what he raises, while the average industrial workers enjoy palatable diets with frozen foods and packaged foods, the farmer has to buy the same kind of products for his table, and it costs just as much as it costs the others.

His home may cost less, but his utility costs may be higher, he may have to pay more for water and electricity. And as to the other big costs, sending his children to college, buying insurance, buying security for the future, buying an automobile, fueling an automobile, buying the implements he needs to work his farm, borrowing capital, mostly these costs are as higher or higher for the farmer than for others.

So the whole facade of the presumption that the farmer can afford to have an income one-third or one-fourth lower than others because his cost of living is lower, is a throwback to the time the farmer really grew his own food and really made his own clothes and didn't need much of anything else.

I didn't mention clothing. He can't buy clothing cheaper than anybody else, he can't get medical treatment cheaper, many of these services he can't buy at all because a natural byproduct of the agricultural neglect is the underservicing of all types of public services and facilities in these rural areas.

Coming down to the matter of farm migratory workers, I haven't thus far in these few days been able to collect very much. But of course, being at the vulnerable bottom of the vulnerable total, their position is particularly acute. In 1969, which is the last comprehensive data that I have, the average daily money wages of the migratory farmworker was $11.43, that's a daily wage, and for the nonmigratory worker, $10.68.

Now this is compounded by the fact that, particularly for the migratory worker, like the construction worker, I might say who at least protects himself a little bit by a different kind of hourly wage, the migratory worker doesn't work 300 days a year, or usually doesn't work 50 days a year, so the average money wages of migratory workers, farmworkers, in 1969 was $1,293, and nonmigratory farmworkers, $1,421.

Another illustration of the concentration of poverty in farm areas is to look at it on a statewide basis, because this is very revealing of the impact of farm neglect on the economy of these States. I'm not pointing a finger at any State. My interest in this problem goes back a little ways, because in 1908 when I was born, until I got out of law school, every dollar I had to feed me and send me to school through law school and postgraduate economic study was derived from agriculture. My family went through the agriculture depression that started in 1921, and never ended until World War II, and commenced a few years after World War II.

To look at the ranking of States by income, I'll take just a few examples. Start with my State of South Carolina; while it has undergone substantial industrial growth, basically it is a farm State. These are 1970 figures: for South Carolina, per capita income averaged $2,900; in Alabama, $2,800 roughly; in Mississippi, $2,560. All farm States, relatively speaking.

If we look at the 10 States where the per capita income is the lowest, they are all relatively farm States; and if we look at the 10 States where the per capita income is the highest, we have States like the District of Columbia with $5,500 as against the $2,560 in Mississippi, or Connecticut with $4,800, Illinois with $4,500, Massachusetts with $4,300. All of this confirms the general proposition of the strain of the condition of the farm population on the State generally.

I referred earlier to the driving of the farmers off the farms, and the thought that this would reequilibrate farm income, bring supply and demand into balance, thus be helpful all around. Farm population has declined from 17.9 of the national population in 1947 to 4.7 percent in 1970. I remember personally when it was almost 50 percent of the total population.

If I had the time, I would discuss the economic and social problem of the small farm as against the large-sized farm. Unfortunately I don't. I believe that, with proper capital, the moderate size farm, family type farm, can do well enough to justify itself, can compete in many ways with the larger farm. But even if there is some margin, it is well worth the cost in terms of social benefits when measured against "the factory in the field." The real thing to measure is what the life of these people would be on an adequate farm with an adequate standard of living.

Senator **Stevenson**. At this point, Dr. Keyserling, I'm going to have to interrupt you, and recess the hearing for 10 minutes. We have a rollcall vote on the Senate floor. I hope you can continue with us after the recess. I do regret this interruption.

Mr. **Keyserling**. I have to make a presentation elsewhere at 3 o'clock.

Senator **Stevenson**. We'll let you off by 3 o'clock. [Laughter.]

(Whereupon at 11:20 a.m. the subcommittee took a 10-minute recess.)

Senator **Stevenson**. The hearing will be in order.

I hope we can resume where you left off.

Mr. **Keyserling**. There are a few additional points I would like to make.

I made the point in a general way how fallacious has been the idea of national farm policy that driving people off the farm by farm income deflation would either solve the problem or provide Americans with a balanced nutritious diet throughout, or lead to the absorption of the dispossessed farm population in the city.

It is very interesting that we have heard two absolutely conflicting reasons, both of which have been given for the approaches embodied in the national farm program. One is that farmers have been troubled because they have been producing too many surpluses. Well, this certainly doesn't imply that the main trouble is that the farmer is inefficient or sloppy. You cannot at one and the same time say that the main basis of the difficulty of an industry has been gorging the country with surpluses of product despite a drastically and tragically decreasing working population, and that this reflects inefficiency. Yet, we have heard the absolutely contrary theory, equally expressed, that the farmers troubles are due to this very productivity and efficiency, so he has gotten in trouble because he's too productive, and he's gotten in trouble because he's too efficient. I'll indicate now why he has gotten into trouble.

The index of farm productivity, using 1947, the first year after World War II in an economic sense, as a base, the output per manhour as of 1970 had gone up from an index of 100 to 182 in the nonfarm sectors of the country, and up to 387 in the farm sectors of the country. This is becoming even more extreme in more recent years. For example, when I was portraying the situation in 1964, the index was 272 for the farm sector and 162 for the nonfarm sector, as measured against the base in 1947.

So from 1964 to 1970, which is the most recent 6 years, the nonfarm productivity index has gone up only from 162 to 182, while the farm productivity index has gone from 272 to 387.

Now, as I already mentioned here, it is simply not true that these immense gains in farm productivity have caused huge farm surpluses in general. Let me give you some figures on that. I have looked at what I call the true level of unemployment in the civilian labor force, which is the unused surplus of productive human materials throughout the economy. Then I have looked at the percentage of total U.S. productive power unused, which is what the economists and I and the Council of Economic Advisers call the GNP gap. Then I have looked at the percentage of steel capacity idle, and looked at the percentage of farm output not currently consumed, which is a measure of the annual gap between farm production and farm consumption, and I'll come to it also on a cumulative basis.

As of 1969, which is the latest period for which I have the full comparisons readily available, although 1970 or 1971 figures would be even more glaring, the percent of the U.S. labor force not used was 4.7 percent. The percent of U.S. productive power unused was 11.2 percent. The percent of steel capacity idle was 16.3 percent, and the percent of the farm output not currently consumed was 0.5 percent.

So really, nowhere in the American economy has there been maintained over the years—because 1969 was not all atypical—nowhere else has there been maintained a closer balance between production and use than in the farm sector. But because that small annual wastage in the farm sector has been accumulated in granaries and supported by the Government, while the idle steel capacity and the idle unemployment, and the idle manpower, and the idle productive power have been supported through the price structure or through unemployment insurance, or through charging high enough prices to make profits even though you are running at 77 percent of capacity—which is what the American economy is doing today—all the American people have been led to believe, with the help of the Government, and the help of most of the economists, that we had overwhelming, tremendous, unmanageable, costly farm surpluses.

Now, what is the genuine reason for the relative impoverishment of agriculture, of which the peculiar problem of the migrant worker is only a part? The genuine reason is that the farmer operates in a free market, and almost nobody else does. They make their own prices. Labor makes its own wages, and I don't say this critically, they bargain for it, and industry certainly sets its own prices.

It is a strange commentary on the lag in economic thinking that many economists are surprised that the deliberately contrived and "successful" effort of the Government during the last 2½ years to raise the unemployment rate 75 percent and cut the rate of real economic growth from 5 percent a year to zero, hasn't stopped inflation or even abated it. Although consumer price inflation was temporarily a little bit lower during the last 3 or 4 months than last year, it was still higher than before these policies got started to stop it; and for the very last month, it was running at 7.2 percent per year. If you look at the wholesale industrial prices, they have been rising much more during the last 3 or 4 months than during the last month of even last year.

I have long been demonstrating from empirical observation that inflation tends to be more severe when unemployment is high and economic growth low. This is not a theory, it has actually been the case since 1952. But the more the evidence accumulates that this is so; namely, that the so-called trade-off is an illusion, the more the National Government and many economists continue to be guided by the trade-off idea.

The main reason why the trade-off does not work is that, in an administered price system, there is an effort to compensate for inadequate volume by increasing per-unit prices. Practically speaking, the manufacturer, the doctor, the lawyer, the economist, the public servant, can lift their prices by administrative decision or by regulation. But the farmer sells in a free market. This is the basic explanation of farm disequilibrium and farm poverty. The poverty of farm migrant workers is derivative of this, compounded by the fact that most farmworkers do not have the benefit of collective bargaining, and far less protected than others by minimum wage legislation.

Let me illustrate the farm problem by analogy. Let us assume a lot of people go off on a desert island. They set up a price mechanism, and soon it appears that the farmer that's feeding them all is getting half as much income on a per capita basis as anybody else. Then public policy is used to pay the farmer enough, whether through price supports or income payments, so that instead of getting half as much as everybody else, he is getting three-fifths as much as everybody else. I have always said that that wasn't subsidy of the farmer. The farmer is still subsidizing the consumer, but to the extent of 40 percent rather than 50 percent.

That's what has actually happened under the much maligned and universally lambasted price support program, because the price support program, because of the imperfection of the index and for other reasons, was never an income support program, and people use income, not prices. Even during World War II, when it looked horrendeous that the price support had risen to 110 of price parity, yet on an income parity basis the farmer never got above 70 or 80.

Now, even on a price parity support basis the farmer was to 72 percent of parity in 1970 compared to 112 percent in 1947, and 90 percent in 1953. He was down to 70 percent on May 15, 1971, and now I believe he's down to the lowest parity ratio since some year at the height of the great depression. Even allowing for direct Government payments to farmers, the adjusted parity ratio was only 74 on May 15, 1971—with the income ratio tremendously lower.

The argument as to whether price support is the best way to redress the balance between agriculture and industry and give the American producing farmer a fair and decent minimum share of the bounty of America, where he is contributing so much to others—this argument need not be pursued here today, as it is the main issue.

The main issue is that, progressively as a nation, we have committed ourselves to what unfortunately every modern industrial nation in history has committed itself to, the progressive impoverishment relative to the rest of the population, the progressive economic disenfranchisement relative to the rest of the population, of those who produce our most basic and necessary commodity, which is even more needed than medicine.

This is what has been happening in America for a long time, and it is still happening with a vengeance. Thus, through the traditional agricultural program or in some other way, we need drastically to reverse the cause of farm policy and agricultural trends.

We need a budget for farm prosperity, what might be called a full employment program for agriculture, which asks these questions: How much food and fiber should the American people consume over the next 10 years, consistent with a full U.S. economy, and budgeting at least a nutritious diet for every American family? How much net food and fiber should we export in a viable, intelligent, international economic program? How much farm labor force is required to produce this amount of food and fiber, taking into account the increases in farm productivity? If this had been done all along, the 3 million decanted since 1947 from the farm population would have been held to about half a million.

Insofar as there will be, at best, some further reductions in the needed farm labor force, what program does America need, as part of a full employment program, for either absorbing these people, either through long-range durable public works in which we have immense needs in this Nation, or through maintaining them on the farm, where they would be marginal producers, turning out somewhat less than others, but nonetheless more productive than on the city streets on welfare, and leading a better life and having the possibility of being reabsorbed as our food fiber needs increase in a lush economy, and as the world economy grows?

And, last, but foremost, what income, whether through the price structure or elsewhere, should be provided to the farm sector of our population?

Now, I am not saying here today what the answer should be on each of these points. But I say categorically, after much experience, that until we get this degree of planning into the management, if you want to call it that, of the American farm problem, we are going to have chaos in American agriculture, production unadjusted to need, further severe decantation of population, further severe imposition on the population of the cities, and rising Government costs, and further misery for the migrant farmworker.

What could be a more fantastic delusion than to talk about how we saved a billion or two in the Federal budget in the agriculture category, without computing what the cost of the Federal Government and the States and the cities is of the 3 million farmworkers and their families who have been pushed off the farm into the cities? That's what I mean by planning.

In political terms, to do this we need to undertake an educational process which shows the impact upon others of what has happened to agriculture. Spuriously, it looks like the consumer has benefited, and to some degree this is true in a way. It is true in the sense that the American consumer is spending, year by year, despite the talk of high prices, a smaller and smaller percentage of his income for food, and getting on the whole a better food supply than anybody else in the world. So that, even if what the consumer spent were passed directly through to the farmer, the consumer would be getting a tremendous break at the expense of the farmer, and the farmer would really be subsidizing the consumer. This he has been doing right along.

But that's not all of it, because even while the food cost to the consumer relative to his total income after taxes has been declining, the farm-to-market spread has been increasing, due to predatory, monopolistic practices between the farmer and consumer. There is a great difference between what the consumer pays and what the farmer gets.

Nonetheless, to a degree, it appears spurious that the consumer is being helped by this outrage to the farmer.

I know that the consumer's attitude will not be changed solely by appealing to his morals. Therefore, another approach has to be taken. A detail showing that, while the consumer on the one hand is getting his food a little cheaper than he would get it if the farmer weren't being systematically supported, the consumer is bearing the costs of farm neglect in other ways. I have already referred to the fact that more than half of the true level of unemployment in 1970 was due to the excess decanting of farmers in the direction of general economy. Cumulative, as I have said, viewing the whole period from 1953 to 1970, the actual decline in the size of the farmworker population has far exceeded the cumulative excessive unemployment in the American economy over that whole period, which means among other things, that the farm unsettlement contributed enormously to the overall economic trouble, with its terrific economic and social costs.

In my analysis, the uprooted farmworkers have contributed maybe half, maybe 60 percent, of the total excess unemployment problem in the United States since 1947 or since 1953, although they are now only 6 percent of the working population. This is fantastic, but it is borne out by what mayors testify at congressional hearings, and in many other ways.

The American consumer should be made to see that the cost of what is being done to American agriculture is not reflected only in the price they pay for food, but in the taxes which they pay to support relief, in the cost of recessions and stagnation, and in the competition in the job market of dispossessed farmers. In other words, if the decline in the farm population had been half a million insteatd of 3 million over this period, there would have been far less competition for scarce jobs. We would also have had a much healthier general economy, and a much larger expansion of total jobs, but for the decline in farm income and farm purchases for tools and consumption.

Now, I have other figures I haven't brought up to date and won't bother you with, which show from the viewpoint of capital spending and other ways that the impact of farm economy upon the general economy is enormously greater than the ratio of farm population to total population, or the ratio of farm income to total income.

I'll just mention one fact, in general. We talk about the deficiency in consumption, which is the main factor in our disappointingly slow and faltering current economic recovery. I have just estimated roughly that, while the farmworking population is now down to less than 6 percent of the total, the deficiency in farm income spendable for consumption, measured by any appropriate yardstick, such as the reasonable parity of farm income to which we have declared our devotion to since 1933—the farm income deficiency, so measured is about 12 to 15 percent of the total personal income deficiency, or about two and a half times the ratio of farm population to nonfarm population.

This has a "multiplyer" effect, so there is no greater single evil that has been done to employment in the United States, to the cost of Government to meet human dislocation, and to the performance of the whole economy, than this ill-planned farm policy, as part of an ill-planned national economic policy in general.

Some years ago, at the request of one of the most distinguished men on Capitol Hill, whose name I won't mention, I drafted what I called a full employment bill for agriculture, which tried to set forth how we could at least begin to make some of the measurable progress in this vital sector which so profoundly affects the whole economy. I'd like with your permission, Mr. Chairman, to insert at the end of my remarks this model bill, it's fairly short, which I believe is just as relevant today as it was when I drafted it.

Senator STEVENSON. It will be entered in the record at the close of your remarks.

Mr. KEYSERLING. As to how a new start can be made in developing a farm program to deal with the very problems with which this committee is concerned.

I appreciate the attention of the committee and hope that what I have said may be of some value.

Senator STEVENSON. The committee is grateful to you, Mr. Keyserling, and I know that your presentation will be of great help.

I would like to ask just a few questions if I might. You said that only about one-half of 1 percent of farm output was not consumed. Then if I understood you correctly, you said that that one-half of 1 percent was consumed by the Government. Is that the case, or is it consumption by the Commodity Credit Corporation and other Government agencies that brings it down to the 0.5 percent figure?

Mr. KEYSERLING. No. For example, if the Government, whether directly or through Commodity Credit Corporation, buys farm products and puts it in its warehouses and stores it, I don't count that as bringing it down to 0.5 percent. That would be trickery. What I mean is that 0.5 percent is not currently consumed in the popular parlance of being used by industry and American consumers and for export, it is only that 0.5 percent increment that enters into the size of the task of acquisition by the Government.

Of course, it looks larger in some respects, because the Government is acquiring select crops, where the unused increment may be more than the 0.5 percent which is an average for all farm consumption, and the Government is only buying certain crops. But this itself is an example of the lack of the kind of farm budget I'm talking about. If we had such a budget, the Government wouldn't for 25 years have been adjusting its farm policies to encouragement and discouragement of particular crops along outmoded lines, rather than in accord with changing patterns or needs at home and overseas.

Senator STEVENSON. What I'm getting at is the connection between the dispossession of the farmer and the high rate of consumption of his products. I'm wondering if there is a connection. You talked earlier about the need for planning in agriculture and if I understood you correctly, you were suggesting that distributional patterns need to be looked at hard and changed. A new budgetary policy might contrive ways of increasing consumption of farm products, there might be ways devised including improvement of our export policies, I think you said. I'm wondering whether the increased consumption of farm products doesn't provide another incentive to even more efficient productivity, and therefore to more mechanization and more bigness in agriculture, and the accelerated dispossession of the farmer?

Mr. Keyserling. I don't think so, because first we have to weigh the known against the speculative, without in any way disparaging what you say is speculative. The known good is more consumption among Americans of farm products, particularly for the millions who, as we appear to have noticed for the first time this year, suffer from malnutrition—is a positive and absolute unalterable good. Therefore, I wouldn't dismiss that positive and unalterable good for a more speculative examination of a byproduct.

Now, coming back to the byproduct, I'm not saying that a planned program for agriculture should deal only with the expansion of food consumption only through food stamp plans and so forth. That's only a small part of the picture. You expand food consumption when you reduce unemployment. You expand food consumption when you improve minimum wages. You expand food consumption when you accelerate the rate of economic growth. The biggest avenue of expansion of food consumption in America is a more healthy American economy. Now, I've never said that these various expansions of consumption for food products can avoid the problem that you mentioned.

I have always regarded a planning process for agriculture, which includes supports by way of income or price, as including some limitations on production, and affecting the patterns of production. I have always been the first to admit that, if farmers were, through proper national policies, afforded income parity with others, whether through handouts or price supports or adequate consumption, and nothing else were done, the American farmer would soon be producing more than could possibly be used.

I'm not offering a one-shot panacea. I say you have to have a comprehensive program related to consumption, related to production, related to acreage, related to conservation, related to affecting the pattern of production by disequal payments. And I say that, while this looks difficult, it has to a degree been done anyway, only without planning. It has been done in the wrong direction with the wrong results and we can't accept any longer what has been happening.

I'm very well aware of the problem you state. There would surely be overproduction, if we merely stimulated consumption and did nothing else.

Senator Stevenson. Well, for the increased consumption I was less concerned about overproduction than I was about the continuing trend to mechanization, the dispossession of the farmers, the continuing trend toward the big corporation farmers.

Mr. Keyserling. I treated that in parts of my published studies of the subject, and I think I covered what you have in mind. I believe that American agriculture has become productive to the point where we can comingle social objectives with objectives of efficiency.

I don't think it is proved, as some of the economists think, that the big farmer is progressively more productive. But let's assume for the moment that he is. The advance of technology and productivity on the farm, as the figures indicate generally, has not been generated only by the larger farms, but also by the average farms—not by the subaverage farms, but by the average. Thus, we can afford and should maintain and reaffirm and strengthen a national policy of positive encouragement to the socially desirable farm, as against the giant in the field.

There are many ways of doing this. One way is to place certain limits on the amount of subsidies that can be received by any entrepreneur. In one way or another, there should be movement in the direction of reducing benefits to the huge and increasing benefits to the small. I personally believe we should move more from price support to income support. In other words, treating the farm problem as a part of the poverty problem insofar as so many farm families are poor, whereunder they would receive income payments not because they are farmers but because they are poor.

While this would maintain the farmers, this might also increase the general acceptability of the program because the country is coming to the acceptance of helping people without adequate incomes, which would tend to merge the farm poverty problem with the nonfarm poverty problem.

On the question of how fast this would increase farm productivity, my studies have all budgeted in, as best they can be estimated in figuring out an adequate level of production and distribution at home and overseas, how many farmers you would need. I have always budgeted in not only the past increases of productivity, but such future increases at the accelerating rate indicated by what has already happened. Even when I do this I find, as I think I've said earlier, with an adequate increase in the distribution and use of foods and fibers, there would be for a considerable time to come a large increase in farm productivity, but nonetheless a sharp diminution in the size of the problems of the farmers leaving the farm and having nowhere to go.

There would still be some further shrinkage in farm population. In this connection, I remember what I said when I was interested in the railroads, and I even oppose the Grand Central merger.

We were talking about whether they needed a fireman on trains. Everybody was talking about whether a fireman was needed on trains. The industry said no, the union said yes. A great commission was appointed to look into the question, and decide one way or the other whether a fireman was needed on the trains. Nobody asked the question whether the fireman needed jobs, which was the real question. If the fireman is thrown off the train, where does he go from there?

We would resolve half this problem of disagreement about a relatively free trade position if, when in national interest millions of men, or hundreds of thousands of men, within specific American occupations are dispossessed by a national or international trade policy, then the Government assumed responsibility to bear that load as an insurer, and not let it fall upon individuals. The same principle applies to the farm problem, which is an illustration of how my national full-employment budget ties in with the whole farm problem.

I can't guarantee there will be no further dispossession of farmers, any more than I can guarantee that there will be no further dispossession of railway firemen or steelworkers. But the Nation ought to guarantee that they are not dispossessed into unemployment, and a nation that has billions of dollars of unmet needs, which by common admission require public employment, as declared in millions of words ever since the launching of the first sputnik in 1957, should face up to this gigantic problem instead of continuing to neglect it.

I read an editorial in the Washington Post 2 days ago, criticizing the argument made in favor of the public works bill that the President vetoed. The Washington Post said what's going to happen to public works if they have it completed and then the depression disappears or the recession disappears. A good friend of mine in the Congress answered by saying it isn't going to disappear for a long time. But that isn't the best answer. The best answer is that the public works will be needed any way, and will be needed even more in a prosperous economy than in a depressed economy.

We have a fantastic backlog, hospital needs, health needs, antipollution needs; we have a fantastic answer available to the farm employment problem, farm-labor-force problem, and the technological problem generally, by having a national job budget on a long-range basis, including public works. The whole thing ties together.

That's why, as I said at the outset, it is immensely important for the Congress and committees to pursue studies of migratory farm problems or agriculture problems; but unless there is some mechanism and some insistence to tie it in with the larger approach that I suggested, I'm really genuinely rather pessimistic.

Senator STEVENSON. In your rounded picture, do you see cooperative efforts by small farmers, and the organization of farmworkers as being essential. You mentioned economic disenfranchisement of the farmer, and you said they were the victims of a free market, if I understood you correctly. This is one of the underlying causes of the rural tragedy in this country. How do the small farmer and farmworker become franchised? Through cooperative efforts, or organization of farmworkers?

Mr. KEYSERLING. First of all, even though it hasn't carried very far and though some of the farm organizations have advocated it, I believe the individual farmer should find ways of banding together with others to exercise a collective bargaining effect upon the market. That's one approach.

The other approach has to do with power of the big farm organizations. That's a subject I don't want to get into too much detail on that, except to say in passing, I have had some doubt sometimes as to which of the big farm organizations really represent the farmer as against playing footsies with others. I really don't want to go into that.

Third, I think the main hope, despite the fact it has failed thus far, really the only one because of the essential nature of the farm labor, the fact that the farm population is already so low, the problem of the farm organization and the difficulty of organizing collectively, the basic recourse is still national economic and social policy. This has been recognized since 1933 as inescapable.

I have told my friends in some of the farm groups who thought through collective bargaining they could remove the need for a national economic and social policy for agriculture, I said, "You'll never get there." Even the highly organized trade unions are pleading with the National Government to enact more vital legislation than they have, and even some of our private corporations are asking for huge Government handouts to protect them from bankruptcy. What kind of criminal hypocrisy is it for these people to talk about more "individualism" for American agriculture, which has already got fastened upon its neck enormous "individualistic" problems which nobody else has.

There is no road to justice for the farmer or to curing of the American farm problem except basically national economic and social policy. I assume fundamentally that that is why hearings of this kind and congressional efforts of this kind are hopefully and helpfully underway. But on the general problem of planning in America, I think the hour is very late.

The Federal Government has new programs every minute, like revenue sharing without strings, but we have never gotten down to the business of putting the whole thing together, which we have the brains as Americans to do, and which every big business does. There isn't a thing I have said that every big business doesn't do to a faretheewell. The very big businessmen who preached daily that Government should learn from business, used to shrink at any suggestion that Government do this, on the grounds it was "socialism." That's changing, too.

We have to do some planning in our Government programs, putting things together, and economically speaking, somebody comes along and says it's too large. It's not half as hard as trying to manage without planning, I mean economically speaking.

Senator STEVENSON. Where do we begin to develop a national plan for agriculture? Wouldn't it take some agency of Government, or some ad hoc commission? How would you contrive it? Governor Breathitt talked eloquently about the results of the President's Commission on Rural Poverty and you talked about disenfranchisement politically. How do we obtain this much needed national planning?

Mr. KEYSERLING. The whole problem is ultimately a moral problem; it has relatively little to do with organizational changes or organizational policies. During World War II, we were feeding the whole world, had navies on seven seas, actually increased domestic consumption at home. The reason there was a meat shortage was not because we produced less meat domestically, but because more people were eating meat. The organizational problem of doing that immense job, which was fantastically great, was solved because we had a moral recognition of it, we had to do it. We were morally committed to the proposition that we had to fight the Fascists.

Now, if we were morally committed to the proposition that we had to fight unemployment and poverty in America, this organizational thing would fall into line. No amount of reorganization, merely designed to create the atmosphere of action by changing everything around and giving boxes new names, is going to mean anything much. I have lived through many reorganizations. I observed the housing program in Federal Works, in the National Housing Agency, in HUD—it had about six names since I have been in Washington—and it still gets back to the point we have never committed ourselves to rehouse people who live in bad houses. We have never really committed ourselves.

I think that's a real answer, but on the assumption it's a little evasive, let me say something else. I have suggested how you do it. I do not think the Department of Agriculture should be the basic planning agency.

Senator STEVENSON. That was going to be my next question.

Mr. KEYSERLING. Let me carry it one step further. The Department of Agriculture should be the technical agency, at the technical level where nobody else can have the knowledge of the details or mechanism that they do. But how many people should be employed in agriculture, and what farm output should be, and what the share of the national income should be, is not a function of the Department of Agriculture.

That is the function of a centralized Council of Economic Advisers and the President. We have recognized this in the Federal budget for 40 years, with respect to what we call the budget, but the budget is only a tiny part of the thing. The budget isn't really performing that process. It's a housekeeping process. All this should be in a long-range economic and social budget, developed in the first instance by the Council of Economic Advisers. The council doesn't have to be a large agency. And then the specialized agencies should service that overall program with their special techniques.

I propose in my model draft, that, while the Department of Agriculture would work on this, it would work in relationship to the council of economic advisers as an overall group which would recognize that the farm problem is a segment of an overall program related to balancing our economic and social needs.

American people don't want the controls of World War II. Their minds have been so brainwashed they think that planning as in World War II would mean controls now. Planning resulted in controls when 50 percent of our total product was blown up in fighting the war. The essential planning process doesn't per se impose controls; it is to look at the whole picture, and see what the needs are.

I'm saying that in relative peacetime, I don't know when we'll be in full peacetime, Government should no more fly blind than it did during World War II, and we can learn enormously from what we accomplished then as to what we ought to do now.

(Mr. Keyserling's model bill for agricultural action follows:)

A BILL

To revise agricultural efforts and programs in the United States, under a system of free competitive enterprise, in order to maximize domestic prosperity for farmers and others; to make more effective use of our farm productive resources toward world prosperity and peace; to establish a *Prosperity and Peace Budget For Agriculture;* and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,

Declaration Of Policies And Purposes

SEC. 2. The Congress, in the Employment Act of 1946, declared the national objectives of maximum employment, production, and purchasing power for the whole American economy, under a system of free competitive enterprise, and established methods to promote these objectives. These objectives have failed of achievement most signally in the case of American agriculture. A large part of the farm population has been underutilized on the farm, and an even larger part has been forced off the farm in the face of general economic conditions not permitting them to enjoy maximum employment elsewhere. Production and distribution of farm products for the benefit of consumers have not served our full needs at home nor met export needs in accord with the best interests of our domestic agriculture and our international objectives. Simultaneously, there has been so-called overproduction, gigantic accumulations of farm commodity surpluses, and tremendous public costs. Instead of enjoying maximum purchasing power, agriculture has suffered a long and deepening depression of incomes and living standards. These conditions have worked seriously against maximum production, employment, and purchasing power for groups other than farmers, due to the essential relationship between the farm economy and the nonfarm economy. It is hereby declared to be the policy of the Congress to establish general policies and programs whereby farm policies and programs may be brought into line with our fundamental domestic and international objectives.

A Prosperity And Peace Budget For Agriculture

SEC. 3 (a). The President shall transmit to the Congress annually a *Prosperity and Peace Budget For Agriculture*, including maximum production, employment, and purchasing power goals for agriculture, and recommended policies to achieve these goals. These goals shall be stated in short-range terms and also in long-range terms looking five and ten years ahead. In setting these goals, the President shall be guided by the following definitions:

(1) Maximum production for agriculture means short-range and long-range production of foods and fibers consistent with (a) the real needs and purchasing power of domestic consumers and industries under conditions of maximum production, employment, and purchasing power in the United States as a whole, (b) export and import levels of foods and fibers conducive to maximum prosperity for domestic agriculture and maximum utilization overseas (reconciled with needed domestic use) toward world-wide economic progress and peace, (c) adequate reserves of foods and fibers and biological oils, geared to domestic needs, national security, and the world-wide outlook. These maximum production goals shall be developed for all important farm commodities;

(2) Maximum employment for agriculture means (a) a farm population and labor force of a size enabling it to be fully and efficiently employed in producing a volume of output consistent with maximum production, (b) opportunity for maximum employment, in other sectors of the economy, for those farmers and farm workers who may become in excess of those required for maximum employment in agriculture, and (c) a farm structure, in terms of numbers of acres and other productive units in use, consistent with maximum production, thus bringing annual supply and annual demand into balance;

(3) Maximum purchasing power for agriculture means (a) that farm families shall enjoy incomes which move upward at sufficient pace to attain within a reasonable period of time parity of income and living standards with nonfarm families, and (b) total farm income consistent with its essential role in helping to maintain maximum purchasing power for the American economy as a whole.

(b) *The Prosperity and Peace Budget for Agriculture*, as transmitted by the President, shall be designed to serve as a helpful guide to the Congress and to the American people, in determining policies and programs in accord with the purposes of this Act.

Criteria For Determining Maximum Production Goals

SEC. 4. In addition to complying with the general definition set forth in Section 3 (a) (1), the maximum production goals for agriculture set forth by the President shall contain the following specific elements:

(1) Reasonable reconciliation with the goals for maximum total national production, required in the Economic Reports of the President under the Employment Act of 1946;

(2) *A Model Food and Fiber Consumption Family Budget*, embodying (a) a satisfactory health and adequacy standard of food and fiber consumption for families in the United States, and (b) analysis of the number of families falling below this standard and the increased food and fiber consumption which would lift them to this standard at a pace consistent with the general goals for maximum production and corresponding use. This analysis shall focus upon low income families, including the aged, the handicapped, and the disabled, and especially upon the nutritional needs of growing children;

(3) Estimates of deficits in food and fiber consumption in other areas of the free world, prospects for the removal of these deficits by efforts outside of the United States, and goals for exports of foods and fibers from the United States designed to bring an appropriate portion of our maximum production to bear upon reduction of these deficits;

(4) Reconciliation of these export goals with import trends and objectives which have a bearing upon these exports and with other United States policies and programs related to international economic development, including grant programs, private and public loans and other investments, and trade and tariff policies;

(5) Estimates of reserve requirements for foods, fibers, and biological oils.

SEC. 5. The maximum production goals shall place major emphasis upon the fundamental adjustment problem of achieving and maintaining a reasonable balance between annual production and annual demand. Reduction of already accumulated farm surpluses shall be conducted within the framework of this major emphasis, in order that the handling of these surpluses shall not defer nor distort the more fundamental adjustment.

Criteria For Determining Maximum Employment Goals

SEC. 6. In addition to complying with the general definition set forth in Section 3 (a) (2), the maximum employment goals for agriculture shall include the following specific elements:

(1) Estimates as to the size of the farm population and the number of farmers and other farm workers which would mesh with the maximum production goals, taking into account projected trends in productivity on the farm;

(2) Estimates of any foreseeable shrinkage in the farm population and labor force, accompanied by estimates of the resources required to provide suitable training, guidance, and financial assistance for the movement of displaced farm families and workers to a maximum employment environment in other sectors of the economy;

(3) Projections of a consistent relationship between the maximum

employment goal for agriculture and the maximum employment goal for the whole economy required under the Employment Act of 1946;

(4) Estimates of the farm productive resources other than manpower needed to meet the maximum production goals, including estimates of acreages and livestock breeding units related to the range of commodities included in the maximum production goals and taking account of projected trends in technology;

(5) Estimates of desirable changes in the number and size of farms, compatible with maximum employment of farm productive resources and with encouragement of the family type farm rather than corporate farm enterprise;

(6) Estimates of requirements for a progressive program of land and soil conservation.

Criteria For Determining Maximum Purchasing Power Goals

SEC. 7. In addition to complying with the general definition set forth in Section 3 (a) (3), the maximum purchasing power goal for agriculture shall include the following specific elements:

(1) Projection of a consistent relationship between maximum purchasing power for agriculture and the maximum purchasing power goal for the economy as a whole required under the Employment Act of 1946;

(2) Projection of desirable trends in the internal structure of farm income so as to give top priority to the reduction of poverty among farm families, hired farm workers including migratory workers, and other especially depressed sectors of the farm population;

(3) Estimates of the amount of farm income needed, not only to achieve the living standards goals, but also to induce an adequate level of capital investment in improved technology and productivity;

(4) Estimates of the amount of credit needed for agriculture, and of the desirable terms of such credit, consistent with the purpose of this Act;

(5) Estimates of other factors bearing upon relatively low incomes and living standards in rural America, such as deficiencies in health services, educational facilities, and housing, and estimates of the approximate role of national policies and programs in helping to overcome these deficiencies consistent with other policies and programs of the Federal Government in promoting the objectives of the Employment Act of 1946.

The Costs Of The Effort

SEC. 8. The *Prosperity and Peace Budget for Agriculture* as submitted by the President shall include short-range and long-range estimates of costs to the Federal Government of the policies and programs recommended by the President to achieve the purpose of this Act. These cost estimates shall include the following:

(1) Estimates of proposed outlays as they enter into the Federal Budget;

(2) Estimates of net costs to the Federal Government, based upon the differences between proposed Budget outlays and estimated recoveries of funds by the Government;

(3) A classification of overall outlays and net costs which distinguishes among (a) transfer payments which redirect the flow of income but do not thereby consume economic resources, (b) other outlays supporting activities which, while useful, do not create productive assets, and (c) still other outlays of an investment character which create productive assets. These classifications shall be designed to portray more accurately the real costs and benefits of national farm policies and programs;

(4) Estimates of what portion of proposed outlays have as their primary purpose the accomplishment of our international objectives or the betterment of living standards among nonfarm people in the United States, and which therefore should not be charged against agricultural adjustment or the protection of farm income;

(5) Estimates of the impact of the whole farm adjustment program upon maximum production, employment, and purchasing power in the United States economy as a whole, in order to set off the economic and financial benefits of achieving the purposes of the Employment Act of 1946 against the direct and indirect costs of the farm adjustment program.

Cooperation And Coordination

SEC. 9. The first *Prosperity and Peace Budget for Agriculture* submitted by the President shall describe steps to be undertaken by the President, or propose enactments by the Congress, in furtherance of these purposes:

(1) Cooperation among farmers, farm organizations, and government at all levels, towards maximizing voluntary efforts in achieving the purposes of this Act;

(2) Coordination among the various Departments of the Federal Government whose activities relate substantially to the purposes of this Act, including but not necessarily limited to the Departments of Agriculture, Health, Education, and Welfare, Labor, Commerce, and Interior; the Council of Economic Advisers; the Bureau of the Budget; and the Office of Civilian and Defense Mobilization;

(3) Coordination among the various United States agencies concerned with international economic policies, and further steps toward improvement in workable relations among the United States and other countries through existing or new international agencies concerned with consistent and mutually beneficial economic exchanges among nations.

Senator STEVENSON. Thank you, Dr. Keyserling. We are running short of time. I'd like to continue this conversation. I'm still not sure how you feel we should stir the Government and the people of this country to make that moral commitment to begin the planning you speak of so eloquently. But maybe we'll contrive some ideas, and I hope if you have at any time any further advice to give us, you will pass it along. I know the members of this committee are very grateful to you for your help this morning and for the picture you have painted of rural America, a picture which as you put very well would be laughable if it weren't criminal.

Our next witness is Mr. W. Wilson King. We have many farmers in Illinois and one is the junior Senator, but we have no better farmer in our State than Mr. King. He is from Whiteside County, a farm operator, and among other things, he served as a member of the President's National Advisory Commission on Rural Poverty.

I'm sorry, Mr. King, that we kept you waiting so long, but I am grateful for your patience and for coming here today.

STATEMENT OF W. WILSON KING, FARMER, KINGLORE FARMS, ROCK FALLS, ILL., AND MEMBER, PRESIDENTS NATIONAL ADVISORY COMMISSION ON RURAL POVERTY

Mr. KING. Thank you, Mr. Chairman.

I do not have a prepared statement, knowing that my one time colleague, chairman of the President's National Advisory Commission on Rural Poverty would testify prior to me. I hope I don't sound presumptuous in saying I thought I could make better testimony without prepared statements, but I thought I might draw from my notes the things Governor Breathitt alluded to in general terms, and point out statistics to substantiate things he said, and could somewhat complement the testimony he has given, because I had not seen his prepared statement until he gave it this morning.

Governor Breathitt expressed his disappointment in the fact that after a year and a half study by a group of knowledgeable people, the people that wrote the report "The People Left Behind," seemingly not too much has been done about it. It was a long-term program that was planned, and when the Governor mentioned that, I pulled out a copy of the Washington Post of September 11, where the President made the report public, and the first paragraph said:

> The President's National Advisory Commission Report on Rural Poverty has made findings and recommendations so sweeping and comprehensive and exhaustive in character that its report is bound to figure in the formation of national policy for a generation.

I thought maybe you hadn't seen that, and hopefully that might paraphrase it. We certainly didn't expect it to be immediately taken up, but we have been disappointed because very little has been done and we are extremely complimented that you have seen fit to recognize this particular problem.

As has been said before, the problems of the cities are the problems of rural America, and solving the problems of the cities as the Governor said was the charge President Johnson gave us when we started.

Somebody, I believe Governor Breathitt, mentioned about increased poverty. This was handed to me, it's a report from the Department of Commerce, May 7, 1971, where poverty increased 1.2 million in 1970. I don't know if you have that for your record or not.

Senator **Stevenson**. The report will be inserted at this point in the record.

(The material referred to follows:)

A UNITED STATES
DEPARTMENT OF
COMMERCE
PUBLICATION

CURRENT POPULATION REPORTS

Consumer Income

U.S. DEPARTMENT OF COMMERCE Bureau of the Census

Series P-60, No. 77
May 7, 1971

POVERTY INCREASES BY 1.2 MILLION IN 1970

(Advance data from March 1971 Current Population Survey)

The decade of the sixties has witnessed a sizable reduction in the number of persons living in poverty. Since 1959, the first year for which data on poverty are available, there has been an average annual decline of 4.9 percent in the number of poor persons. However, between 1969 and 1970, the number of poor persons increased by about 1.2 million, or 5.1 percent. This is the first time that there has been a significant increase in the poverty population. In 1970, about 25.5 million persons, or 13 percent of the population, were below the poverty level, according to the results of the Current Population Survey conducted in March 1971 by the Bureau of the Census. The rates of increase for both whites and Negroes below the poverty level were roughly the same. In 1970, however, the poverty rate for Negroes was more than three times that for whites.

The sex of the family head continues to be an important factor in the poverty status of families. The number of poor persons who were either members of families with a male head or male unrelated individuals increased between 1969 and 1970, as did the number of poor persons in families with a female head and female unrelated individuals. However, during the preceding decade, there was no measureable change in the number of poor persons in households with a female head whereas poor persons in households with a male head declined by about 53 percent between 1959 and 1969. In 1970, persons in households headed by a woman constituted only 14 percent of all persons but about 44 percent of poor persons.

There are significant differences in the age composition of the white and Negro poor. In 1970, children under 18 years accounted for about 36 percent of all white persons below the poverty level as compared to 54 percent of all Negroes who were poor. In contrast, aged family heads and unrelated individuals comprised about 19 percent of all poor white persons but only 7 percent of the Negro poor.

Although about 64 percent of the Nation's families resided in metropolitan areas in 1970, poor families were about equally distributed between metropolitan and nonmetropolitan areas. About 50 percent of poor white families living in metropolitan areas were central city residents as compared to 80 percent of poor Negro families.

In 1970, it would have taken approximately 11.4 billion dollars to raise the income of all poor families and unrelated individuals above the poverty line. In terms of 1970 dollars, this figure represents about a 7 percent rise in the income deficit since 1969. In both 1969 and 1970, whites accounted for about 72 percent of the total deficit.

The median income deficit for poor families was about $1,100 in 1970. For white families the deficit was about $1,000 as compared to $1,300 for Negro families. The difference in the median deficit between white and Negro families is accounted for in part by the smaller size of the average poor white family. The average deficit per family member was about the same for families of both racial groupings.

On the average, incomes of poor families headed by men were closer to the poverty level than those of families headed by women. About 29 percent of the poor families headed by men had incomes within $500 of their respective poverty lines as compared to only 19 percent for those headed by women. The deficit per family member for families with a male head was about $330 as compared to $410 for families with a female head.

This report excludes inmates of institutions and unrelated individuals under 14 years. It includes only those members of the Armed Forces living off post or with their families on post. The poverty threshold for a nonfarm family of four was $3,968 in 1970 and $2,973 in 1959. For more detailed definitions of the terms and concepts used in this report, see Current Population Reports, Series P-60, No. 76. More detailed poverty data for families and persons will appear in a report in this series to be issued later this year.

Since the estimates in this report are based on a sample, they are subject to sampling variability. Moreover, as in all field surveys of income, the figures are subject to errors of response and nonreporting. All statements of comparison made in the text of this report, however, are statistically significant. This means that the chances are at least 19 in 20 that a difference identified in the text indicates a true difference in the population rather than the chance variations arising from the use of samples.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, 10 cents. Current Population Reports issued in Series P-20, P-23, P-25, P-26, P-27, P-28 (summaries only), P-60, and P-65 are sold as a single consolidated subscription at $14.00 per year, $3.50 additional for foreign mailing.

Mr. KING. We talked about Dr. Bishop, our very well-known executive director, who is now with the University of Maryland. I'd like to quote a statement he made to the Illinois Manpower Commission:

> The migration of people from the farms and rural America to the cities represents one of the most massive migrations of human resources ever recorded.

I'd like to substantiate somewhat the problem rural America has to be approached on a national basis. One of our former colleagues, Dr. James Bonner, head of the department of economics at the University of Michigan, sent me a copy of a report he gave at the Minneapolis farm forum on March 6th, and I took out one of his illustrations to substantiate the statement that it has to be a national approach.

He told about a very prominent, new Detroit Committee, they were influential citizens, from business and industry which was formed to rebuild Detroit, to restrain some of the hard-core poor and find jobs for them. This was after the well-known riots in Detroit several years ago. They found and put to work about 55,000 people who had been unemployed in Detroit, in the poverty group, and they found that they had more unemployment after these 55,000 people were put to work than before they started.

The point I'm making is that post cards and telephone calls went to Mississippi, Arkansas, wherever there were people and kinfolks looking for opportunities in the cities, and they went to Detroit looking for work. That effort virtually accelerated the migration of the rural poor right into Detroit. It's like dipping water out of a rowboat with a tomato can when it's coming in by buckets. Detroit cannot solve the Nation's job problem alone. We must act as a Nation.

This is something your committee knows about, but I did want to emphasize it.

The next question you will probably ask is how do we reach people on a national basis. We had quite a bit of testimony in our hearings and I'd like to quote myself briefly from a report I made to the Illinois Manpower Commission. I quote:

> We heard excellent testimony in our hearings in some states about how Extension Service was making real contributions to those left in the wake of the Agricultural revolution. Low income families not only need to earn more, but also need to learn how to spend their incomes more effectively. The wives of most rural families in poverty have little formal education. They have not had the advantage of attending homemaking classes in high school. Many would not know how to take care of the family's nutrition, health, and clothing needs even if money was no obstacle.
>
> In our hearings testimony brought out some of the more successful community action efforts by the Office of Economic Opportunity in cooperation with Extension home-economists. They have been working with wives of poverty stricken families and teaching them to stretch income by buying low cost food and preparing it so that it is appetizing and nutritious. They have also taught them how to make attractive clothing with low cost materials. All this has helped to upgrade quality of life in these homes, including personal health and family planning.
>
> The land-grant universities have contributed significantly to the structural upheaval in rural America. Imbalances in the rural sector to a large extent are the by-product of technological changes in agriculture. These universities have responded so well to the charge given them to develop agricultural technology, that they should now be given another charge at this juncture. They should at this time focus attention on helping rural America to adjust to the forces of change and to restore order to their lives and to their small towns.

Now, if a new charter could be given to them, they might try to restore the communities, the people, and the rural areas that they helped lead under the category of "The People Left Behind."

I don't know whether this gets really into what you're thinking about but public need is a problem in the rural areas as well as the cities. I think the publicity comes to public aid in the cities, but it is also true in rural America. As a farmer I observed it, and I think prior to spending considerable time in the area of rural poverty, I was somewhat critical of people on public aid being available to work on farms until I had the opportunity to see the other side of the coin.

In our testimony in many States we had almost a thread of the same sort of condition and problem of people on public aid. Most people would like to increase their standard of living and would like to have work, but the rules of public aid almost have them boxed in, or locked in to stay on public aid rolls. I might try to give a few examples. The people we listened to, if they took a job helping me make hay on my farm for a month or two, they might be immediately dropped off public aid. You might say this is correct, but the minute I'm done with them they have to go back on public aid and it's 2 weeks and in some extreme cases, 2 months, before their applications would be reactivated and they are put back on the public aid roll.

Most of the people on public aid have to be in seasonal or part time, unskilled market and they can't afford to be 2 weeks or 2 months without a paycheck, so we have locked in a very valuable gold mine of manpower to rural America by holding them on public aid rolls because of the antiquated rules of getting them back on public aid, rather than allowing them to supplement income with public aid.

In some cases they're getting $180 a month and if they took a job on a farm and made $50, it would be subtracted from the $180. That's 100 percent income tax, more than that, because there's transportation, clothes, things you have to do to prepare yourself to take a job that makes it almost prohibitive.

I think if you have an opportunity to study the recommendations of our Commission, we set up a flexible schedule, I don't remember the exact figures, but say $300 would be the level a person should be allowed to earn, and if he earned over that it might be deducted on a graduated scale, so I think in your studies and legislation you might write it with revenue sharing in the picture. It would give Federal Government the authority for guidelines in public aid funds.

I think there should be some guidelines to update public aid to help solve rural poverty, and I would urge your committee to go into that and make a detailed study, and I'm sure you have the resources to do that.

Governor Breathitt and the illustrious gentleman who preceded me talked extensively about bringing industry into the rural community. There's a lot of pitfalls in that, but it can be done. I had an opportunity to read Senator Humphrey's bill that has been introduced in the Senate with more than half of the agriculture committee's names attached to it. His Resource Act will make credit available in smaller communities to attack, solve, and rebuild rural America and with the legislation this subcommittee will write.

I believe they had a 35,000 population limit on it, but that may be changed, where hospitals, water systems, credit of various kinds, communities to update themselves to make it possible for industry to come into the rural America, I mean small cities and towns, and I'd like to point out a couple extremes.

A man by the name of Herbert Greer, vice president of Burnell-Nytronics Co., testified to our Commission in Tucson, and he told about the president of the company who got acquainted with a gentleman associated with the Bureau of Indian Affairs. Somehow or other they get together and talked at a convention in Chicago about bringing a plant down to the Pueblo of Laguna in New Mexico. The Area Redevelopment Administration came in and did some work and set up water supply and sewers to serve both the plant and housing, and the U.S. Department of Vocational Education trained some Indians, paid for their training in the company to do the work they would like to do in this electronics company; and at that time they had, I think, 80 people working in the plant, and it was successful and profitable.

I thought before I came down here to Washington to testify on what a tremendous example this was I ought to check with the company. Conditions change sometimes, and I got on the telephone and talked to Mr. Greer and I've got a letter from them. They now have 180 employees, 85 percent are Indians and the letter will point out the tremendous economic impact made on that particular community in New Mexico. May I give my letter for your permanent record.

Senator STEVENSON. The letter will be inserted at this point in the record.

(The following was subsequently supplied for the record:)

Teletype: 910-989-1644

Burnell
NYTRONICS
P. O. Box 1691 Rt. 66 • Albuquerque, N. M. 87103
Telephone: 505 243-1373

July 15, 1971

Mr. W Wilson King
Rural Route 2
Rock Falls, Illinois

Dear Mr. King,

This letter is in reference to our telephone conversation with regards to Industry need in poverty stricken areas and also on Indian lands and reservations to be able to provide the much needed employment opportunities.

I personally feel that there is every justification for such as we have here. It has very significantly made its' contributions to the economy of the people of the Pueblo of Laguna. There is no need to relocate people in areas where the environments differ to what they are accustomed to, rather it would be most advantages to try to bring industry and employment opportunities to them.

We find that vocational training is readily available thru federal funding, training people for the kind of jobs made available by any Industry too, can be an asset.

Several other programs can also be initiated, such as job related education and above all, Child Care Centers, so that mothers who may be the bread winner of the family can have the opportunity of employment.

Mr. King, this in brief, is my feeling, having had the opportunity to participate in what I think has been a profitable venture. My regards.

Sincerely yours,

Robert Dailey,

RD/as

180 employees to day -
85% Indian

Pelham Manor, N. Y. • Albuquerque, New Mexico • Alpha, N. J.

Mr. KING. During our hearings, of course, one of the first things they asked about was absenteeism, quality of work, and so forth. Mr. Greer pointed out they have plants in New York, New Jersey, Connecticut, and Pennsylvania, and absenteeism and quality of work was comparable or even better on the pueblo as compared to the other places. He was also asked whether they were working the Indian people for less money and he pointed out they were paying scale wages there and making a profit.

May I tell a story about John Woodenlegs, one of the most valuable and loved members of the Commission, president of five tribes of the Northern Cheyenne. When things got a little sticky or we needed a little human interest we called on John. He said very little, but he always seemed to say the right thing at the right time. When they talked about absenteeism, John Woodenlegs spoke up. He said things are better on the Indian reservation up in Montana, we have Indians in the cattle business, we have Indians working at their trade, Indians' health is better, but we've got one problem. Indians drink too much, and you could look around and see everybody nodding in agreement. We got to teach Indians how to drink, but we can't find no teachers.

We have misconceptions about minority groups in many areas, whether it's in motivation, whether they drink too much, or whether they are responsible, and I'd like to testify as a farmer and layman and from my avocation of trying to help the people left behind in the so-called agriculture revolution, to substantiate some statements made by both gentlemen preceding me. I'd like to tell another story about another witness, the late Congressman Joe Resnick from New York, who testified at our hearing in Washington.

He told a very interesting story. He represented a district that had five counties, Dutchess, Ulster, Columbia, Greene, and Schoharie, and he said he grew up in Ulster County. He started making TV antennas in his garage, and that prospered into an industry that at that time employed a thousand employees. I did not call up there and inquire about how that company is doing today, because Congressman Resnick has now pased away, and I didn't know who to call but I assume it is still a prosperous industry.

He pointed out his particular county was a borderline county. Dutchess was wealthy because of IBM, Columbia was perhaps a borderline county, but he pointed out that his plant in his little community had reversed the trend of people going down closer to the city of New York. There were many farmers working in his plant 40 hours a week and still taking care of their small farms.

The other thing he wanted to point out—and this is perhaps even more important for a subcommittee like yours which is looking down the road—he made a survey of these five counties. As I said Dutchess was the wealthy county because of the vast IBM installation, but Greene and Schoharie Counties were at that time officially listed as depressed counties having more population during the Civil War than they do today. Schoharie County had the highest unemployment, the highest illiteracy rate, and the lowest per capita per family income in the State of New York.

So his congressional listing went from one extreme to the other, from community wealth to community poverty. He made a survey of all the wonderful programs, all the types of Federal money that was available to come into his district, and the astounding thing was that only 15 percent got into the two poor counties because they alluded to this fact, they lacked all the necessary reasons to make feasibility studies, to come down to Washington and approach the right people.

In other words, it was a leadership problem. It was a problem the poor get poorer and the rich get richer, even in that type of philosophy in trying to help the rural poor, the programs set up for them that were available, were not brought into reality for that reason.

I really don't know the answer to that unless the Extension Service might be the answer for those people. Those people are readily acceptable in most places and the leadership in that area, helping them make applications, make feasibility studies might be a possibility, because the finest programs are useless to rural America unless they are implemented or applied for, or they don't become a reality.

I perhaps didn't state that very well, but I think you realize what I'm trying to say. Programs have to be gotten to the people through some method of guidance, advice, counsel, and I just bring this Extension Service in; it might be a new area for them to work in.

The family farm has been talked about this morning several times. I have here 5 percent of the population. The preceding gentleman said it was 4 point something now, so 5 percent is pretty close. The family farm has been the strength of the Nation for many years. We were once 95 percent of the population. We have been migrating our best boys and girls to the cities for 150 years. It has been a philosophy on the farm when a father and mother have an outstanding son or daughter we always try to get them educated to get them off to the city so that he can make his way.

It has been the strength of our country that these talented men and women who were taught to do chores when they were 5 years old, and learned responsibility and knew how to work, and then migrated to the cities for endless generations. We can all think back of the leaders in business, industry, education, professions, and politics, down through history, in nearly every case have had rural American backgrounds. It has been one of the real strengths of America, and if the family farm slips by the wayside, everybody in America suffers.

The family farm today is feeding America. The preceding witness pointed out the farmers have been subsidizing some Americans. The family farm is producing food for the rest of the United States for about 16 percent of their take-home pay, and you can easily see why. When it's time to get the crops out, the farmer and his wife and family work night and day. They may not work more hours than anyone else, but they hit the ball during the hours it's necessary, and that's one of the real reasons they are so efficient and so productive. As Dr. Keyserling said a few moments ago, if they turned the farmers loose they could feed the world with efficiency and productivity. I guess that's true.

I think the family farm will survive. It isn't 160 acres any more. We used to think 160 acres was a farm, today we think of it as a field. Family farms have been enlarged by necessity. A farm is operated by a father and son or the family and one hired man and it's still the backbone of American agriculture, still sociologically the backbone of rural America. I don't fear for it if we don't have to compete with loss farming.

We can't compete with corporations that can deduct losses on agriculture against the tremendous profits of the corporations they are operating. We can't compete with loss farming where they can buy undeveloped land, rundown land, develop it with lime, fertilizer, contouring, fences, installations, and so forth that are deductible, and then resell on a capital gains structure and so forth.

I'd like to pay tribute to Senator Metcalf. A number of Senators have given valuable leadership in their legislative efforts to put corporate farming as a separate tax entity, and then I don't think you have any problem. I won't say any problem, but lesser problem. I have hope for the family farms if they are put on the same tax base as large corporations are when they move into agriculture. Or I should say again the family farm will survive when corporate farming is required to be a separate tax entity.

Most of us would rather starve on the farm than make money doing something else. It's part of the philosophy of the family farm. I represent a family farm. When the good doctor was talking ahead of me, I almost felt like he was talking about me many times.

Another thing I'd like to touch on is minimum wages covering farm labor would help solve rural poverty. In the long run it will strengthen the family farm. There again the family farm is contributing food and fiber and not competing against wages in the cities.

I as a farmer do not work with migratory labor because we don't raise that kind of crops, but I thought I might counsel with somebody, before coming down here, who could enlighten me a little further in case somebody might ask me a question. So I consulted with a Mexican-American friend of mine, who has retired and is now devoting his time to the Illinois Migrant Council. If you would like this information for your records, it's the violations in equity of migratory workers that happen in Illinois and their recommendations. I won't take time to read them, but I'll leave them with you if they will be of any help to you.

Senator STEVENSON. They will be entered in the record.

(The following was subsequently supplied for the record:)

SPANISH SPEAKING PEOPLES STUDY COMMISSION

AUG. 26th 1818

FEBRUARY, 1971

Report to the 77th General Assembly
of the State of Illinois

SUMMARY OF RECOMMENDATIONS

I. EMPLOYMENT

1. Illinois State Employment Service
Proscribe recruitment of persons outside of Illinois for work in Illinois unless an order is filed with the Illinois Employment Service setting forth the terms and conditions of work offered.

Require that each person so recruited be provided with a summary of Illinois laws both in English and in the language with which he is most familiar covering payments of wages, wage assignments, wage deduction orders and, where applicable, migrant labor camps.

Provide that all local offices of the Illinois State Employment Service are to receive and forward to the office of the Attorney General and the local States Attorney all allegations of violations of laws mentioned in the preceding paragraph.

Make it a misdemeanor for any employer to violate the terms of a clearance order filed with the Illinois State Employment Service.

2. Unemployment Compensation
Amend the Unemployment Compensation Act to provide coverage for agricultural workers except that benefits for such workers may be earned only during the second and third quarters of any given year and may be paid only during the second and third quarters of subsequent years.

3. Fair Employment Practices
Delete the words "or persons employed in 'Agricultural Labor' as that term is defined in the Unemployment Compensation Act as now or hereafter amended"

4. Agricultural Employment
Submit bill making a knowing, non-consuming purchaser of

products produced in violation of any of the state laws concerning labor or employment or in violation of state law on migrant labor liable in actions brought by victims of those violations or by the State on behalf of the victims. Such liability should be limited to injunctive relief but may extend to the enjoining of marketing of non-perishable commodities.

5. **State Employment**

Mandate the Department of Personnel in cooperation with department heads and appropriate persons in the various departments of government, to establish criteria including linguistic ability and such familiarity with customs and background to enable those departments which have personnel who come in direct contact with the citizens of this state to render better and more appropriate services in those offices where such criteria might be deemed necessary.

Provide that, should it prove difficult or impossible to recruit persons with adequate professional training who also meet the linguistic and cultural standards, the Department of Personnel is authorized to establish sub-professional or para-professional job titles. The Department should further be instructed to provide a system whereby such sub-professionals and para-professionals may, through examinations, term of service and/or continuing formal education be advanced up a career ladder into professional ranks.

Mandate the Department of Registration and Education to give examinations in the Spanish language and to issue licenses to persons who pass such examinations whenever it can be shown that a sufficient clientele for services exists.

Provide that the Secretary of State may cause to be offered suitable test for licenses to operate motor vehicles. Such test to be offered in the Spanish language.

II. HOUSING

1. Migrant Labor Camps
Amend Migrant Camp Act to require periodic inspections and to set minimum standards at the level of federal standards.

2. Visitors
Amend the Criminal Trespass to Land Act to exempt from its provisions anyone who is an invited guest of a legal occupant.

3. Zoning
Require that every sub-division of the State of Illinois which establishes zoning ordinances zone at least ten per cent of its land area to permit the construction of low and moderate income housing.

Define moderate income housing as that housing which rents for no more than 25% of the median income level of the state or of the Standard Metropolitan Area in which the housing is located whichever is greater. Define low income housing as that housing which rents for two-thirds of the rental of moderate income housing. Provide that the above rentals apply to units which can accommodate a family of five persons.

Empower the State Housing Board to overturn local zoning ordinances wherever a developer, builder, or landowner brings the matter to its attention.

Establish comparable standards for home ownership. Alternatively, empower the State Housing Board to establish these standards.

4. Loans for Housing
Cause a referendum on the issuance of $10,000,000.00 of general obligation bonds for the purpose of establishing a fund for low interest loans (to be granted at no more than 1 1/2 per cent more than the rate which the state

pays) for the resettlement of persons displaced through technological advances of Illinois agriculture or industry. This money to be made available for housing only.

III. EDUCATION

1. Day Care
   Appropriate $075,000.00 to fund day care services for migrant children to be administered by the Department of Children and Family Services.

2. Mobile Units
   Make a sufficient appropriation to the Office of the Superintendent of Public Instruction to provide mobile school units for the education of all young people in the migrant stream between the ages of six and sixteen who are not adequately served in other ways. Instruction should include a curriculum of appropriate general education, teaching English as a second language, and vocational instruction.

3. State Aid for Special Programs
   Provide special state aid programs for local school districts or local attendance areas with large numbers of children from homes where English is not the primary language, for the establishment and maintenance of bilingual education programs and programs for teaching English as a second language.

4. Testing
   Prohibit the classification of any child as having subnormal intelligence based on tests which had not been validated in the language preferred by the child's parents. Direct the office of the Superintendent of Public Instruction to seek to develop validated tests where a need is indicated.

5. Require each institution of higher education in the state, including each of the graduate schools, to establish five scholarships to be awarded annually to men and women who come from homes in the state where Spanish is the primary language.

IV. POLITICAL REPRESENTATION

1. Amend the Urban Renewal Consolidation Act to provide for the election, instead of the appointment, of members of the Conservation Community Councils from the communities

involved in urban renewal.

2. Establishing as a permanent body a legislative commission for the Spanish speaking, with an increased number of public members and with annual appropriation of $50,000.00

V. CONSUMER PROTECTION.

1. Outlaw confession of judgment clauses in all conditional sales contracts.

2. Provide that all remedies applicable to original seller will be applicable to holder in due course of instruments which form part of sales contract.

3. Outlaw deficiency judgments in conditional sales contract.

4. Provide that interest must be paid on monies which must be placed on deposit as part of rental agreements and agreements with utility companies.

VI. JUSTICE AND POLICE

1. Provide state funding for legal aid to be given in the language of the client.

2. Direct all state courts to provide interpreters for persons accused of felonies or misdemeanors at the request of any party to the trial. Interpreters to be paid out of county funds.

VII HEALTH

1. Amend Illinois Revised Statute 48 172.36 - Occupational Diseases Act - to delete the words "Nothing contained herein shall be construed to apply to any work, employment or operation done, had or conducted by farmers and others engaged in farming, tillage of the soil, or stock raising or to those who rent, demise or lease land for any such purposes, or to any one in their employ or to any work done on a farm or country place, no matter what kind of work or service is being done or rendered."

2. Amend Illinois Revised Statute 48 138.3 - Workman's Compensation - by deletion of paragraph 15 which provides agricultural exemption from provisions.

3. Amend Illinois Revised Statute 48 137.2 - Health and Safety Act - by deleting (a) which exempts agriculture from provisions of the Act.

4. Amend Illinois Revised Statute 48 8a - Day of Rest - by adding"'farm' shall include a place where tillage of the soil, planting, cultivating, harvesting of any crop, care or raising of live stock or other similar occupations are conducted".

   and 8b by adding the word "farm" after "mercantile establishment" and before "transportation".

5. Establish statewide mandatory group plan health insurance for seasonal field workers and in-plant workers covering both workers and families, financed with contributions from state's general revenue fund, employers and employees.

VIII. WELFARE

1. Amend Illinois Revised Statute 48 31.2 - Child Labor - to provide coverage for persons under 12 engaged in agricultural pursuits.

2. Amend Illinois Revised Statute 23 110 to remove all residence requirements for public aid.

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Representative Louis Janczak

Representative John Merlo, Co-Vice Chairman

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TO: MEMBERS OF THE 77th GENERAL ASSEMBLY

The Spanish Speaking Peoples Study Commission is pleased to present this report of their activities in visiting five areas in downstate Illinois in connection with the migrant worker problems and also visiting five areas in the City of Chicago relative to problems of the Spanish speaking person living in the city.

During the course of the 76th Biennium and as a result of the visits, numerous recommendations were made and problems uncovered.

The Commission has outlined many recommendations as will be disclosed in the history and findings of the Commission developed in this report.

The findings and recommendations of the Commission are presented for your earnest study and consideration.

Respectfully submitted,

Arthur A. Telcser
Chairman

Margaret Lujan
Mrs. Margaret Lujan
Co-Vice Chairman

John Merlo
John Merlo
Co-Vice Chairman

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FINAL REPORT

SPANISH SPEAKING PEOPLES STUDY COMMISSION

Spanish Speaking Peoples Study Commission
State of Illinois
Springfield, February, 1971

FINAL REPORT

SPANISH SPEAKING PEOPLES STUDY COMMISSION

Since its organization in October of 1969, the Spanish Speaking Peoples Study Commission has held 19 meetings in communities with a substantial Spanish speaking population throughout Illinois. While completely accurate figures are unavailable, we feel that by a conservative estimate there are at present more than half a million persons in Illinois to whom Spanish comes far more readily than English.

We do not have as large a Mexican-American population as California or Texas, as large a Puerto Rican population as New York or Pennsylvania nor as large a Cuban population as Florida or Louisiana but we do have a very large and significant population of all three major groups of Spanish speaking residents of the Continental United States.

All three groups share a common language and many aspects of a common heritage. All have either come from a place where United States citizenship is a birthright as dear as their language and customs or from a country that has alternately enjoyed and suffered from its special relationship with the United States. In this regard they stand in a different position than any previous immigrant wave that has come to the state. The situation in which they find themselves is more nearly comparable to that of in-migrants from Wisconsin or Indiana than to immigrants who hail from European lands.

Were it not for this essential and legal distinction there still would be an important difference between the Spanish speaking population of Illinois today and previous waves of non-English speaking people to this State. That is the mere fact that they are here in 1971 when the advances of modern technology in communication and transportation bring Mexico City within a few hours by air from Chicago and the ease of telephonic communication eliminates the distance between the two cities.

MEXICAN-AMERICANS

The most numerous, most widespread and oldest in point of settlement of the three major groups are the Mexican-Americans or as some prefer to be called, Chicanos. The antiquity of this group in Illinois could be established by the presence here of obsidian instruments manufactured by Mexican craftsmen in the vicinity of Tenochtitlan long before the white man set foot on this continent or by the explorations touching on Illinois of men like Oñate and Moscoso before the May-flower landed at Plymouth Rock. Perhaps it might be better to mention that Mexican soldiers under a Spanish Commander from St. Louis fought in the American Revolution to help secure Illinois for the Americans.

There have doubtless been Mexican-American residents of Illinois dating from these early times. But the significant influx of Mexican Americans in the state dates properly from the mournful decade of political upheavels in Mexico between 1910 and 1920. Since that time the increase in population has been continually nourished by the displacement of people in Spanish speaking regions of the American Southwest and in the past thirty years by the demands of Illinois agriculture.

The Mexican-American people from whom we have had the pleasure of hearing are a proud people. They exhibit an equal pride in their Indian and Spanish forebears and are conscious of the substantial contributions that they and their ancestors have made to our common American heritage. Public assistance is accepted only as a last resort, for it is work that they ask and the opportunity to succeed through their own efforts. We have found them reluctant to offer complaints even when conditions under which they lived and labored seemed to demand that complaints be made.

We also found a willingness to serve. Typical was an unpaved street in Silvis, Illinois formerly called 2nd Street which has been renamed Hero Street because no other area of comparable size in the nation has given so many of its sons to fight in the Armed Forces of the United States, or a house on Herkimer Street in Joliet maintained by the Herandez family to offer succor to all, or a free medical clinic in the Pilsen area of Chicago maintained voluntarily by Chicano young people for the benefit of all in the neighborhood.

PUERTO-RICANS

The second largest group comes from the island of Puerto Rico. Puerto Rico has been part of the United States since

General Miles landed on its southern coast on July 25, 1898, and Puerto Ricans have had joint citizenship with continental Americans since 1917.

The census of 1950 showed an insignificant number of Puerto Ricans in Illinois, but labor contracts during the decade of the 1950's began a wave of migration that has by this time brought some 200,000 persons to settle here. Unfortunately those early contracts were anything but a happy experience. Contractual labor from the sunny Caribbean lived through the winter in drafty box cars on Virginia Street in Gary. Workers were recruited for the Michigan vegetable harvest with no assurances of transportation or housing, and many finished the season owing their erstwhile employer for the *privilege of working*. Even the federal government brought workers thousands of miles to work in the Savanna ordnance plant *after* congressional action had determined that the plant was to be shut down within a matter of months.

Puerto Ricans in Illinois tend to be city dwellers and hence are concentrated in the northeastern corner of the state. They are the possessors of a culture which is a meld of the Boricua Indian, West African and Spanish and French creole. It is a culture which was already mature by the end of the 18th century. It is one which has been made stronger by numerous attempts to change or obliterate it by the Spaniards prior to 1898 and by the U. S. for the next 50 years, until Puerto Rico began to achieve control over its own affairs in 1948, culminating in the present commonwealth status which was accomplished in 1952. While an integral part of the United States, Puerto Ricans can be said to be justly proud of a unique national heritage.

We found them to have a particular genius for organization and to have a growing political awareness, which causes them to address themselves to very real concerns of the community.

CUBANS

The smallest of the three major groups and the most recent on the scene are immigrants from the island of Cuba. There are approximately 60,000 Cubans in the Chicago area and an undetermined number in the remainder of the state.

The advent of a substantial number of Cubans in Illinois corresponds to the period following Fidel Castro's march into Havana on January 1, 1959. Many were doctors, lawyers and other types of professionals who fled Cuba with no other possessions than those which they could carry. Many returned to school and studied over again in English that which they had been practicing in Spanish and have now reachieved professional status. Some, because of family pressures or other reasons have not been so fortunate. The barrier of non-citizenship presents a problem to the Cuban which is not generally shared by many other of his Spanish speaking brethren.

The United States was a natural refuge for the Cuban political exile for two reasons. First, because of its proximity. Cuba is only 90 miles from the Florida coast. Second, because for most of its history Cuba has had a special relationship with the United States. The Platt Amendment incorporated in the Cuban constitution gave the United States the right to intervene in Cuban internal affairs during most of its history as an independent state, and Cuban sugar prices were supported by the United States until 1960. Cuban immigration to Florida continues at the rate of 3 to 4,000 persons per month, and dispersal from Florida can be expected to accelerate in the years to come.

EMPLOYMENT

The first in our series of recommendations concerns employment. The feeling expressed by Spanish speaking persons in our investigations was that if they could secure adequate employment under reasonable conditions other problems which might be encountered would diminish considerably.

Perhaps the most important problems to which we can address ourselves lie in the field of agricultural labor. Most of the food and fiber harvested for direct human consumption in Illinois is harvested by the hands of Spanish speaking persons. It is hard back-breaking labor. The hours are long during the brief season for each crop, and too frequently the season will be followed by a slack period during which no earnings are possible but expenses continue. Workers come thousands of miles, having been offered terms and conditions of work in the lower Rio Grande valley that are often not complied with here in Illinois. Crew leaders are expected to purchase year round licenses for their trucks, even when they will use them for a very short season in Illinois, so crews tend to be discouraged from seeking employment in neighboring states. The recruiter in Texas representing an Illinois firm may promise many things, but the actual employer may be an Illinois farmer who is not in a position to comply. Agriculture is exempted from many of the state's basic labor laws, and those that do apply are all too often not enforced.

In other areas, persons who have been trained for employment are denied it because tests for licenses are offered only in English, even when it can be shown that a substantial clientele exists which can be adequately served only in the Spanish tongue.

Employment with the state is denied persons who could well serve a Spanish speaking clientele, who are now being badly served, not served at all, or required to seek interpreters from hard pressed private agencies before they can avail themselves of the services of state agencies.

We,therefore, recommend that the General Assembly:

1. Proscribe recruitment of persons outside of Illinois for work in Illinois unless an order is filed with the Illinois State Employment Service setting forth the terms and conditions of work offered.

   Require that each person so recruited be provided with a summary of Illinois laws both in English and in the language with which he is most familiar covering payments of wages, wage assignments, wage deduction orders and, where applicable, migrant labor camps.

   Provide that all local offices of the Illinois State Employment Service are to receive and forward to the office of the Attorney General and the local States Attorney all allegations of violations of laws mentioned in the preceding paragraph.

   Make it a misdemeanor for any employer to violate the terms of a clearance order filed with the Illinois State Employment Service.

2. Amend the Unemployment Compensation Act to provide coverage for agricultural workers except that benefits for such workers may be earned only during the second and third quarters of any given year and may be paid only during the second and third quarters of subsequent years.

3. Delete the words "or persons employed in 'Agricultural Labor' as that term is defined in the Unemployment Compensation Act as now or hereafter amended" from the Fair Employment Practices Act.

4. Submit bill making a knowing, non-consuming purchaser of products produced in violation of any of the state laws concerning labor or employment or in violation of the state law on migrant labor liable in actions brought by victims of those violations or by the State on behalf of the victims. Such liability should be limited to injunctive relief but may extend to the enjoining of marketing of non-perishable commodities.

5. Mandate the Department of Personnel in cooperation with department heads and appropriate persons in the various departments of government, to establish criteria including linguistic ability and such familiarity with customs and background to enable those departments which have personnel who come in direct contact with the citizens of this state to render better and more appropriate services in those offices where such criteria might be deemed necessary.

   Provide that, should it prove difficult or impossible to recruit persons with adequate professional training who also meet the linguistic and cultural standards, the Department of Personnel is authorized to establish sub-professional or para-professional job titles. The department should further be instructed to provide a system whereby such sub-professionals and para-professionals may, through examination, term of service and/or continuing formal education be advanced up a career ladder into professional ranks.

   Mandate the Department of Registration and Education to give examinations in the Spanish language and to issue licenses to persons who pass such examinations whenever it can be shown that a sufficient clientele for services exists.

   Provide that the Secretary of State may cause to be offered suitable test for licenses to operate motor vehicles. Such test to be offered in the Spanish language.

HOUSING

Upward mobility for any person or groups is dependent on the availability of decent employment and a decent place to live. Both are often denied to Spanish speaking residents in the state of Illinois. The migrant labor camp law passed in 1961 was not a strong measure and subsequent amendments have weakened it considerably. The fact that its provisions are below federal standards has adversly affected the flow of federal monies to the state employment service which is required to process orders only from those employers who indicate a willingness to observe the stricter federal requirements. We have not appropriated sufficient money for the department of Health to employ sanitarians to make inspections and we have only inspected those camps which apply for licensing. Apparent fear of the law has caused camp operators to threaten visitors to the camps with criminal trespass even when they are invited guests on the premises.

During slack seasons when workers could conceivably find far more remunerative employment in Illinois industry they are prevented from doing so by the lack of an inventory of housing within their price range - a lack which is fortified by restrictive zoning laws and by the lack of accumulated capital.

We therefore recommend that the General Assembly:

1. Amend Migrant Camp Act to require periodic inspections and to set minimum standards at the level of federal standards.

2. Amend the Criminal Trespass to Land Act to exempt from its provisions anyone who is an invited guest of a legal occupant.

3. Require that every sub-division of the State of Illinois which establishes zoning ordinances zone at least ten per cent of its land area to permit the construction of low and moderate income housing.

   Define moderate income housing as that housing which rents for no more than 25% of the median income level of the state or of the Standard Metropolitan Area in which the housing is located whichever is greater. Define low income housing as that housing which rents for two-thirds of the rental of moderate income housing. Provide that the above rentals apply to units which can accomodate a family of five persons.

   Empower the State Housing Board to overturn local zoning ordinances wherever a developor, builder, or landowner brings the matter to its attention.

   Establish comparable standards for home ownership. Alternatively, empower the State Housing Board to establish these standards.

4. Cause the issuance of $10,000,000.00 of general obligation bonds for the purpose of establishing a fund for low interest loans (to be granted at no more than 1 1/2 per cent more than the rate which the state pays) for the resettlement of persons displaced through technological advances of Illinois agriculture or industry. This money to be made available for housing only.

EDUCATION

Education is perhaps the most obvious area in which a bi-cultural people are likely to be discriminated against. Standardized tests which have become such important diagnostic instruments to the American Educational System will become vehicles of unfair and adverse discrimination to the children of such people. Such tests often depend on vocabulary, general information, and verbal quotations. Young people are often placed in sections for the educational mentally handicapped because of language differentials alone. They are discouraged from continuing their education and hence the state becomes an instrument in depriving future generations of needed skills. Special programs now in operation are under-funded and unnecessarily limited to certain school attendance areas.

The educational needs of the migrant children are most insufficiently dealt with and we now face a worsening situation with federal funds for existing day care operations about to be cancelled.

We recommend that the General Assembly:

1. Appropriate $100,000.00 to fund day care services for migrant children to be administered by the Department of Children and Family Services.

2. Make a sufficient appropriation to the Office of the Superintendent of Public Instruction to provide mobile school units for the education of all young people in the migrant stream between the ages of six and sixteen who are not adequately served in other ways. Instruction should include a curriculum of appropriate general education, teaching English as a second language, and vocational instruction.

3. Provide special state aid programs for local school districts or local attendance areas with large numbers of children from homes where English is not the primary language, for the establishment and maintenance of bilingual education programs and programs for teaching English as a second language.

4. Prohibit the classification of any child as having sub-

normal intelligence based on tests which had not been validated in the language preferred by the child's parents. Direct the Office of the Superintendent of Public Instruction to seek to develop validated tests where a need is indicated.

5. Require each institution of higher education in the state, including each of the graduate schools, to establish five scholarships to be awarded annually to men and women who come from homes in the state where Spanish is the primary language.

6. Provide that high school equivalency examinations may be given in language other than English.

7. Remove requirement that 10% or more of students come from homes where English is not the spoken language for an attendance area to qualify for bi-lingual programs - extend such programs to districts throughout the State.

POLITICAL REPRESENTATION

The Spanish speaking population of Illinois comprises the largest bloc of voters who have not yet elected one of their number to public office above the most basic local level. This block of voters we have found to be a giant which is beginning to arouse from his slumber. More witnesses testified on the lack of political representation than on any single other subject. Recommendations were made to the Commission which would drasticly alter our present processes in order to enhance the possibility of electing Spanish speaking persons to office. The Commission has chosen not to forward these recommendations to the General Assembly but feels the obligation of calling attention to this phenomenon for the benefit of the leadership of major political parties and to the various appointing authorities of boards and commissions throughout the state. We do recommend two changes in the law one of which would allow people themselves to choose representatives to a body which might review proposals for sometimes drastic changes in neighborhood patterns and the other which sets up an appointed body to report to the legislature further changes that might be indicated.

We, therefore, recommend that the General Assembly:

1. Amend the Urban Renewal Consolidation Act to provide for the election, instead of the appointment, of members of Conservation Community Councils from the communities involved in urban renewal.
2. Establishing as a permanent body a legislative commission for the Spanish speaking, with an increased number of public members and with an annual appropriation of $75,000.00.

CONSUMER PROTECTION

Despite substantial improvement in recent years, Illinois credit laws are still weighted heavily in favor of the putative creditor. Judgments are easily entered against persons who may have had no dealings whatsoever with the judgment creditors. Three facts tend to make the Spanish speaking person particularly vulnerable on this score. First even when a person speaks English reasonably well, it is extremely difficult to deal in an unfamiliar subject in one's second language. Second, the paucity of surnames among Spanish speaking persons means that many unrelated and widely separated individuals will share a common surname. Third, the custom of retention of the maternal surname results in the fact that each person has two surnames under which he might be trapped.

We therefore, recommend that the General Assembly:

1. Outlaw confession of judgment clauses in all conditional sales contracts.
2. Provide that all remedies applicable to original seller will be applicable to holder in due course of instruments which form part of sales contract.
3. Outlaw deficiency judgments in conditional sales contract.
4. Provide that interest must be paid on monies which must be placed on deposit as part of rental agreements and agreements with utility companies.
5. Provide funding for the Attorney General to establish mobile units for his office relative to consumer fraud to serve migrants and others in various parts of the state.

JUSTICE AND POLICE

It is indeed unfortunate that many brown skinned persons who are natural born citizens of the United States are subjected to a life time of harrassment by police authorities. The immigration laws of the federal government are virtually impossible to enforce adequately so local authorities of their own volition often enter the picture and indiscriminately pick up for questioning those individuals who because of their complexion might possibly be an illegal immigrant. The commission recognizes this as a serious problem but has been unable to devise a solution to recommend to state government. We have found that the inability to secure adequate legal aid that the client can readily understand and the failure of courts to provide interpreters has resulted in undue harrassment and a great deal of injustice to Spanish speaking residents.

We, therefore, recommend that the General Assembly:

1. Provide state funding for legal aid to be given in the language of the client.
2. Direct all state courts to provide interpreters for persons accused of felonies or misdemeanors at the request of any party to the trial. Interpreters to be paid out of county funds.

HEALTH

Health care is a serious problem for Illinois' Spanish speaking population. They share the health needs of all and since a substantial number are of low income, they share in the chronically unmet health needs of the very poor throughout the land.

We would like to focus our attention on that segment of the population whose health needs have been most neglected because they have been systematically excluded from legislation in this area for many years. We refer, of course, to the migrant agricultural workers. We propose to, belatedly, grant these workers inclusion under such legislation as has been established for other workers and to establish a contributing plan whereby on-going health care can be established for workers and their families.

We therefore propose that the General Assembly:

1. Amend Illinois Revised Statute 48 172.36 - Occupational Diseases Act - to delete the words "Nothing contained herein shall be construed to apply to any work, employment or operation done, had or conducted by farmers and others engaged in farming, tillage of the soil, or stock raising or to those who rent, demise or lease land for any such purposes, or to any one in their employ or to any work done on a farm or country place, no matter what kind of work or service is being done or rendered."

2. Amend Illinois Revised Statute 48 138.3 - Workman's Compensation - by deletion of paragraph 15 which provides agricultural exemption from provisions.

3. Amend Illinois Revised Statute 48 137.2 - Health and Safety Act - by deleting (a) which exempts agriculture from provisions of the Act.

4. Amend Illinois Revised Statute 48 8a - Day of Rest - by adding "'farm' shall include a place where tillage of the soil, planting, cultivating, harvesting of any crop, care or raising of live stock or other similar occupations are conducted".

   and 8b by adding the work "farm" after "mercantile establishment" and before "transportation".

5. Establish statewide mandatory group plan health insurance for seasonal field workers and in-plant workers coverning both workers and families, financed with contributions from state's general revenue fund, employers and employees.

WELFARE

Welfare as a way of life is an unsatisfactory solution to life's problems for a people who seek by dint of their own industry to establish themselves. Our proposals under this heading are modest indeed. The residence requirements we seek to abolish are no longer operable under actions of the federal courts. Child labor restrictions are less than currently exist for other pursuits. We would hope that these modest proposals will meet the need. If not, we leave it to future years to propose adequate solutions.

We now propose that the General Assembly:

1. Amend Illinois Revised Statute 48 31.2 - Child Labor - to provide coverage for persons under 12 engaged in agricultural pursuits.

2. Amend Illinois Revised Statute 23 110 to remove all residence requirements for public aid.

Appendix
A

HEARINGS

May 8, 1970	160 North LaSalle Street, Chicago, Illinois
June 5, 1970	Moline City Hall, Moline Illinois
July 10, 1970	Palatine City Hall, Palatine, Illinois
July 24, 1970	Hoopeston City Hall, Hoopeston, Illinois
August 8, 1970	Joliet City Hall, Joliet, Illinois
August 24, 1970	DeKalb City Hall, DeKalb, Illinois
September 9,1970	1909 South Ashland, Chicago, Illinois
September 22,1970	810 West Wellington Street, Chicago,Illinois
October 7, 1970	4600 South Hermitage, Chicago, Illinois
October 23, 1970	936 North Ashland Avenue, Chicago, Illinois
November 10, 1970	9350 South South Chicago Avenue, Chicago, Illinois

Appendix
B

WITNESSES

The Commission would like to express particular thanks to the following persons who volunteered their time, their talent and the invaluable information which they possessed in offering themselves as witnesses in the course of these public hearings. They have exercised true public spirited citizenship and deserve thanks of a greatful public:

1. Mr. Ace Acevedo Aurora, Illinois
2. Mr. Juan Acevedo Chicago, Illinois
3. Mr. Loren Agler, Illinois State Employment Services, Chicago, Illinois
4. Rev. Daniel Alvarez, Casa Central, Chicago, Illinois
5. Rev. Ezequiel Alvarez, Presbytery of Chicago, Chicago, Illinois
6. Mrs. Rebecca Amaro, Chicago, Illinois
7. Mrs. Minerva Avalos, Palatine, Illinois
8. Mr. Jose Ayala, Hoopeston, Illinois
9. Mrs. Romaldo Barba, Chicago, Illinois
10. Mrs. Helen Behrer, Edgington, Illinois
11. Mr. Robert Cain, Springfield, Illinois
12. Mr. John Chico, Chicago, Illinois
13. Mr. Art Carrillo, Chicago, Illinois
14. Mr. Miguel Cadena, Chicago, Illinois
15. Mr. Ramon Campos, Chicago, Illinois
16. Mr. Jorge L. Carreras, Chicago, Illinois
17. Mr. Fidel Castelano, Hoopeston, Illinois

18. Mrs. Mary Chinland, Rock Island, Illinois

19. Mr. and Mrs. Miguel Centeno, Chicago, Illinois

20.Mrs. Tina Cereceres, Chicago, Illinois

21. Mr. Douglas Clark, Aurora, Illinois

22. Mr. Guadalupe Cordova, Hoopeston, Illinois

23. Rev. Rueben Cruz, Chicago, Illinois

24. Mrs. Lea Cummins, Elk Grove Village, Illinois

25. Mrs. Trina Davila, Chicago, Illinois

26. Mr. Angel deJuan, Chicago, Illinois

27. Mr. James DeWolf, Rock Island, Illinois

28. Mr. Ellis Doonan, Moline, Illinois

29. Mr. Glenn Durfee, Chicago, Illinois

30. Mr. Terry Fiertag, Chicago, Illinois

31. Mr. Claudio Flores, Chicago, Illinois

32. Mr. Hector Franco, Chicago, Illinois

33. Mr. Manuel Gallegos, Chicago Heights, Illinois

34. Mrs. Anita Garcia, Chicago Heights, Illinois

35. Mrs. Emily Garcia, Chicago, Illinois

36. Mr. Manuel Garcia, Hoopeston, Illinois

37. Mr. Vidal Garcia, Chicago, Illinois

38. Mr. Jose Gomez, Chicago, Illinois

39. Miss Margaret Gonzilez, Chicago, Illinois

40. Mr. Arnold Greer, Illinois State Employment Service
    1321 1/2 5th. Avenue, Moline, Illinois

41. Mr. Julio Gonzalez, 1829 4th Avenue, Rock Island, Illinois

42. Miss Eugenia Gitierrez Hoopeston, Illinois

43. Mrs. Patrecia Hernandez, 205 Hecklimer Street, Joliet, Illinois

44. Mr. Ramon Herrera, 1716 9th Avenue, East Moline, Illinois

45. Mr. Edward Hill, Supt. of United Township High School, East Moline, Illinois

46. Miss Ibarra, Community Effort Organization, Chicago Heights, Illinois

47. Mr. Antonio Irizarry, 3352 North Halsted, Chicago, Illinois

48. Mr. Ronald Jackson, Jr., DeKalb, Illinois

49. Mr. James Jordan, 111 Dawn, Danville, Illinois

50. Mr. Jose Juarez, 218 West 2nd Street, Muscatine, Iowa

51. Mr. Helen Kaufman, County Health Department, Danville, Illinois

52. Mr. LeRoy Kostler, Waterman, Illinois

53. Mr. Arnie Koehler, Kingston, Illinois

54. Dr. Eugene Kosyak, 835 East Lincoln, Hoopeston, Illinois

55. Mr. Leonard Leritz, St. Mary's Church, DeKalb, Illinois

56. Mr. Mark Litwein,1940 West Division, Chicago, Illinois

57. Mr.Graciano Lopez, 1348 West. Chicago, Illinois

58. Mr. Honoratus Lopez, 1522 West 18th Street, Chicago, Illinois

59. Mr. Jose Lopez, 1425 West Winnemore, Chicago, Illinois

60. Mrs. Rosario Lopez, Chicago Heights, Illinois

61. Mr. Luis Machado, 734 LaSalle Street, Chicago, Illinois

62. Mr. Joseph Meegan, Back of the Yards Council, Chicago, Illinois

63. Mr. Eliezar Melendez, 2109 West Polk Street, Chicago, Illinois

64. Mr. Tomas Menchaca, 2837 West 21st Street, Chicago, Illinois

65. Mr. Mauro Mendoza, Hoopeston, Illinois

66. Miss Lois Mitchell, 1066 29th Street, Moline, Illinois

67. Mr. Francisco Montalvo, 260 Chateles Street, Chicago Heights, Illinois

68. Mr. Juan Morales, 2045 West Cermak, Chicago, Illinois

69. Mr. Juan Morales, Illinois Masonic Center, Chicago, Illinois
70. Miss Dolores Moyado, Chicago, Illinois
71. Sister Irene Munoz, 218 West 2nd Street, Muscoltine, Iowa
72. Mrs. William Nachtman, Migrant Health Nurse, DeKalb, Illinois
73. Miss Rose Naverro , Chicago
74. Mr. Noel Nieves, 1411 North Milwaukee Avenue, Chicago, Illinois
75. Mr. Leo Uchoa, 1829 4th Avenue, Rock Island, Illinois
76. Mr. Jose Ovalle, 2448 South Whipple, Chicago, Illinois
77. Mr. Walter Parker,Illinois State Employment Service, Chicago, Illinois
78. Mr. Jesse Perez, Rock Island, Illinois
79. Miss Loretta Perez, Chicago, Illinois
80. Mr. Santos Perez, 1300 South Wabash, Chicago, Illinois
81. Mr. Fernando Prieto, 5475 North Milwaukee, Chicago, Illinois
82. Mrs. Aurelia Pucinski, 5475 North Milwaukee, Chicago, Illinois
83. Mr. Orlando Quintana, 2150 West North Avenue, Chicago, Illinois
84. Mrs. Dahila Radecki, Chicago, Illinois
85. Mrs. Mirta Ramirez, 1045 North Ridgeway, Chicago, Illinois
86. Miss Janie Rangel, Donna, Texas
87. Rev. Robert Reicher, Chicago, Illinois
88. Mrs. Roberta Rempfer, 709 Meadow Lane, Sycamore, Illinois
89. Mr. James Richardson, Chicago, Illinois
90. Rev. John Ring, Chicago, Illinois
91. Mr. Cesar Rivera, 5544 South Peoria, Chicago, Illinois
92. Mr. Ernesto Rodrizuez, Davenport, Iowa
93. Mrs. Norma Rodrizuez, Chicago, Illinois
94. Mr. Henry Romero, Chicago

95. Mr. Ed Safford, Sycamore, Illinois

96. Mr. Jesse Sagaon, 1829 4th Avenue, Rock Island, Illinois

97. Mr. Jose Samaudio 434 1/2 East Northwest Highway, Palatine, Illinois

98. Mr. Alfredo Sanchez

99. Mr. Joseph Sanchez, Chicago, Illinois

100. Mr. Cayetano Santiago, Director, The Illinois Migrant Council
1307 South Wabash Avenue, Chicago, Illinois

101. Mr. Walter Sass, Chairman, Cook County Growers Assn., 6032 West
Eddy, Chicago, Illinois

102. Mr. Maurice Schellhardt, Illinois District Manager, Skokely Van Camp
Hoopeston, Illinois

103. Mr. John Sheehan, 260 Victoria Lane, Elk Grove Village, Illinois

104. Rev. James Shifflett, Chicago, Illinois

105. Mr. Fred J. Sieberman, Jr. Department of Public Health County Office
Building, Rock Island, Illinois

106. Mr. John Sierra, 1829 4th Avenue Rock Island, Illinois

107. Mr. Tom Smith, Chairman, Community Service Center, 15 Park End Shop
Elk Grove Village, Illinois

108. Mrs. Roberta Solario, Chicago, Illinois

109. Mr. Edwin Sosa, Chicago, Illinois

110. Miss Karen Stanley, Northwest Opportunity Council, Arlington Heights, Illinois

111. Mr. Herbert Stevens, Paxton, Illinois

112. Mr. Jose Terronez, Silvis, Illinois

113. Miss Maria Tomayo, Arlington Heights, Illinois

114. Mr. El Vaca, Chicago, Illinois

115. Mr. Guillermo Valles, Aurora, Illinois

116. Mr. Arturo Velasquez, Chicago, Illinois

117. Mr. Luis Venegert, Chicago, Illinois

118. Mr. Vernon, Chicago, Illinois

119. Mr. Ruben L. Villalobos, 1829 4th Avenue, Rock Island, Illinois

120. Mr. Gilbert Walter, Director, The Northwest Employment Development Corporation, 915 North Wolcot, Chicago, Illinois

121. Dr. Franklin Yoder, Springfield, Illinois

Thanks are also due to several others who rendered particular services to the commission:

Mr. David Avalos, and Mr. Douglas Clark who accompanied commission staff in field investigations in South Cook, Kane, and Will Counties.

Mrs. Romualdo Barba Who assisted in publicizing hearings in the Back of the Yards area.

Mr. Ramon Campos, who helped publicize hearings on Chicago's North side.

Mr. Jose Diaz, who assisted with general publicity of the commission.

Mr. Jerry Amaldev and Miss Teresa Tiernan, who transcribed many of the tapes.

Mr. Julio Gonzalez and Mr. John Sierra, who served as resource persons in the Rock Island County area.

Mrs. Roberta Rempfer, who assisted commission staff as guide and resource in the DeKalb County area.

Mr. Arturo Lopez, who assited in organizing hearings in Hoopeston.

Mr. Glenn Durfee, who took numerous photographs of the commission's consideration and who assisted in field investigations thoughout the state.

Mr. Terry Yale Feiertag, who gave volunteer legal services to the commission.

Mr. Jose Samudio, for his assistance with field investigations in North Cook and Lake Counties.

Mr. Sam Bell and the staffs of the Governor's office of Human Resources, the Illinois Migrant Council and various Community Action programs throughout the state who helped organize and coordinate the extensive housing survey undertaken by the Commission. Also, thanks are due to Southern Illinois

University which has undertaken to collate and program the data from the Housing survey.

A special vote of thanks must go to Mrs. Barbara Budgin and Mrs. Mary Frances Squires for their patience and forbearance in making arrangements for the several commission meetings, seeing that everything necessary was arranged, following up on commission correspondence and typing the final report.

Appendix
C

HOUSING SURVEY

As part of its work the Commission undertook an exhaustive survey of migrant housing in Illinois. Unfortunately the data from this survey was compiled too late for complete inclusion in this report. This data is now being copied and fed into computers at Southern Illinois University in Carbondale and will be available at a later date.

Appendix

HOUSE BILL 2129

AN ACT creating the Spanish Speaking Peoples Study Commission, defining its powers and duties, and making an appropriation therefor.

WHEREAS, There are more than 450,000 Spanish-speaking citizens within the State of Illinois, many of whom face special problems of language, in addition to the problems faced by other minority groups; and

WHEREAS, The citizens of Puerto Rican, Mexican, Cuban and other Spanish-speaking background are among our most valued citizens; and

WHEREAS, The State of Illinois has an obligation to these valued citizens to help them meet some of the major problems which they face; therefore

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. There is created the Spanish Speaking Peoples Study Commission, hereinafter in this Act called the Commission. The Commission shall consist of 3 members of the House of Representatives, 2 of whom shall be appointed by the Speaker and one by the House Minority Leader; 3 members of the Senate, 2 of whom shall be appointed by the President Pro Tempore and one by the Senate Minority Leader; and 3 public members representing Spanish speaking communities, 2 each of whom shall be appointed by each of the 4 above appointing authorities. A vacancy does not occur on the Commission because a legislative member is not reelected to serve in the House from which he was appointed. Vacancies in the membership of the Commission shall be filled in the same manner as the original appointments. Members of the Commission shall serve without compensation but shall be reimbursed for actual expenses incurred in the performance of their duties.

The Commission shall select from its membership a chairman and any other officers it considers necessary.

Section 2. The Commission shall study the problems faced by Spanish-speaking persons. In its study the Commission shall consider:

(1) Language problems faced by Spanish-speaking persons.

(2) The major problems faced by Spanish-speaking minorities.

(3) Any other problems of Spanish-speaking people that it deems necessary.

Section 3. In aid of the Commission's study, all department, divisions, agencies and offices of the State shall afford to the Commission any requested information, records or advice pertinent to the subject matter of the study.

Section 4. The Commission shall report its findings and recommendations to the 77th General Assembly no later than February 15, 1971.

Section 5. The Commission may, without regard to the Personnel Code, employ and fix the compensation of necessary assistants.

Section 6. The sum of $5,000 or so much therof as may be necessary, is appropriated to the Commission for the purposes of this Act.

Section 7. This Act is repealed as of July 1, 1971.

Mr. KING. I served on other commissions during the Kennedy and Johnson administrations. They were advisory type committees. At that time I was frustrated and upset because many times moneys appropriated by the Congress of the United States were held up by the Bureau of the Budget on various things that I happened to be interested in. We even prevailed on Vice President Humphrey to jar funds loose. He did. I don't think the farmers have friends in high places today. I read in the newspapers that $10 billion are being withheld that has been appropriated by the Congress of the United States. I'm not trying to substantiate it. I'm suggesting that perhaps in your studies——

Senator STEVENSON. Your figure is inaccurate.

Mr. KING. It is?

Senator STEVENSON. It's low.

Mr. KING. Well, in this case I'd rather be low than high. You can correct that. I have in my notes $10 billion. This sounds like partisanship, and I have been accused of that before.

Senator STEVENSON. Not by me.

Mr. KING. Some of those funds will be released next year. I would guess that considerable moneys that are being sat on by the Bureau of the Budget are moneys that were appropriated to go into rural America for job training, health programs, farm administration loans, many areas in which money could come into rural America, and I think we can't afford the luxury of playing politics with money that was voted for by the representatives of the poor people of America.

As an Illinois farmer, I would urge your committee with the personnel and mechanics you have, to look into that. A farmer like myself that doesn't have a typewriter or secretary, he doesn't have the opportunity to do the mechanics of these things, but we can prevail upon gentlemen like yourselves who are in a position to do something about it.

I was a young farmer when we were emerging from the depression, and the political and economical wise were saying, "Depressions are farm bred land farm fed."

I would like to update that saying for this subcommittee today and say, "The social, economic, and racial problems of our cities today are farm bred and farm fed."

I think I have talked long enough. You might want to ask some questions.

Senator STEVENSON. Thank you very much, Mr. King. I do want to assure you that many of us share your concern over the impoundment of already appropriated funds. There are a number of Federal programs in this administration that we have been seeking to obtain release of those funds for, and I regret to say, without much success so far. Much of the funds were highway funds that could aid the development of America.

You talked a little earlier about the need to develop rural areas on a national basis, and you mentioned some of the present programs, including those of the Extension Service. I'm sure you are familiar with the administration's community development special revenue-sharing program. As in the case of all revenue-sharing programs, the gist of it is the moneys or existing programs would be turned over to the State. Moneys for rural development, instead of being spent on the Extension Service, by and large, would be turned over to the States to spend as they saw fit, and also in part some funds would go to local forms of government. What would be the impact of special revenue sharing on farmer groups and people dependent on agriculture?

Mr. **King.** You mean revenue sharing where the large buckets of money go into the States, with no strings attached? I would be very much opposed to that. I would think the people who would suffer the most would be the people who had the least political lobby, the minority people; the minority racial groups of our country would be the first to suffer because of racial prejudice.

If I may back up just a little bit, and I'm sure the good Governor would agree with me, when we had hearings, we heard from a publisher in Tupelo and a banker in Arkansas, and we heard from the OEO programs, many places where you had dedicated white and black people, wealthy and poor and in between, all working together. The programs in existence were marvelous.

I don't say when you get into other areas that people steal the money, but the point I'm trying to make is it would completely depend on the dedication of the local people or county officials or State officials.

If their dedication was their paramount interest, their dedication to people, if real good guidelines were established, and I don't want to get started on that, were set up on revenue sharing, then it might have some worthwhileness, but if it is turned over to States, I think the Federal Government is far more fair than State, county, city governments, as you go down the line.

I spent 2 years working in Holmes County, Miss., after we finished our work. You might understand this because you raise beef cattle, too. We attended a 2- or 3-day symposium, and the gist was that there would be 100 million more people by the year 2000. I figured 115 pounds of beef times all those people is going to take a lot of beef.

One of the men from the foundation said they wanted to do a little experimenting on a project in that area. So they contacted Representative Robert Clark from Holmes County, Miss., the only black man ever elected to the Mississippi legislature, and a farmer; and to make a long story short, they got 80 people, and the Ford Foundation provided the money, and I went down periodically and tried to help upgrade their cattle and do a few things that most farmers would think would be routine.

If people want to work together, we could do great things in this country. If we treat people as human beings and be fair with everyone, it's amazing how many wonderful people there are in this country. When we appeal to their better side, they show their better side. It would solely depend on Mr. and Mrs. America in the Main Streets of the United States; if everybody was dedicated and tried to serve their people in the community, then it could work. When you hand out surplus-food cards according to how they vote, then those things become repulsive. I don't know the answer to that.

Senator **Stevenson.** Thank you again, Mr. King. We're going to have to push this hearing through to its conclusion. We are very grateful to you for coming here. It has been very helpful. I hope you did better with your beef cattle last year than I did with mine.

Our next witness is Philip Sorenson, former Lieutenant Governor of Nebraska, and chairman of the Agribusiness Accountability Project.

STATEMENT OF PHILIP SORENSEN, CHAIRMAN, AGRIBUSINESS ACCOUNTABILITY PROJECT, WASHINGTON, D.C.; FORMER LIEUTENANT GOVERNOR OF NEBRASKA

Mr. **Sorensen.** Mr. Chairman, my name is Philip C. Sorensen, and I am testifying here today as a spokesman for the Agribusiness Accountability Project. Our project is a public interest research effort that has been working since last October on an examination of the role of big business in agriculture and in rural America. The project is sponsored by three Washington, D.C., organizations: The Project on Corporate Responsibility, the Center for Community Change, and the Washington Research Project. The project is based in Washington, D.C., and is funded by the Field Foundation.

I cannot approach my task this morning without some skepticism and presumption. Rural poverty and the plight of the farmworkers have been definitively documented on numerous occasions. The powerlessness and frustration of the worker and the small farmer, the inadequacies and ineptness of the corrective programs, the outrage of it all, have time and again been more eloquently told. Yet to little avail.

Why has nothing changed? Who has decided that we are going to wind down rural America and pursue a policy of corporatization?

I would suggest, by way of an answer, that we have failed by concentrating solely on conditions, without uncovering causes or exploring consequences. Delineating such causes and consequences, I would further suggest, is the challenge to this subcommittee.

CAUSES

Rural America is not just agriculture, but agriculture is its economic backbone. As farm technology has reduced the number needed, and as high expenses and low return have reduced the number financially able, agriculture has been strangling on its own independence and success. Into this breach have stepped the corporate farm and agribusiness.

In the period since World War II, the number of farms has declined by half and the average size of farms has doubled. Big capital and big influence have become the requisites for successful farming. Large farm operations now account for only 13 percent of all farms, but they take in almost two-thirds of all farm sales.

The industrialization of agriculture has produced an unparalleled abundance of food, but it has also produced unparalleled poverty, dislocation, and social tension on the farms and in the small towns of America.

Corporate farms and agribusiness may not be the original cause, but they sustain and foster the strangulation of the small farmer, the farmworker, and the small town. And their ally is Government. Let me give a few examples.

1. Del Monte Corp. claims to be the largest producer and distributor of canned fruits and vegetables in the world, marketing 250 different

styles and packs of food. Del Monte is much more than that. The company owns 32,000 acres of farmland and leases an additional 77,600 acres throughout the United States. They operate processing plants in nine foreign countries, including South Africa. They own 14 can manufacturing companies, 24 public restaurants, five trucking operations, a tuna freezing company, an ocean termina, a label printing concern, and dozens of other agribusiness enterprises. Del Monte is a major employer of seasonal farmworkers, ranging in 1969 from a low of 6,000 to a peak of 39,000. Thousands more are hired indirectly by Del Monte, through crew leaders and by contractural arrangements. In 1970, when it looked like farmworkers were about to be included in the national unemployment compensation program, this multimillion-dollar corporation took the time to oppose such coverage.

To house their workers, Del Monte owns several labor camps. I wish to show you, and offer copies for the record, two photographs of such camps in California taken last winter.

This is one located on South Bear Creek. I don't know if you can see it from this distance.

Senator STEVENSON. It looks more like a concentration camp.

The pictures will be entered in the record.

Mr. SORENSEN. It is not a prisoner of war camp, but this is a camp for housing for farmworkers at Del Monte.

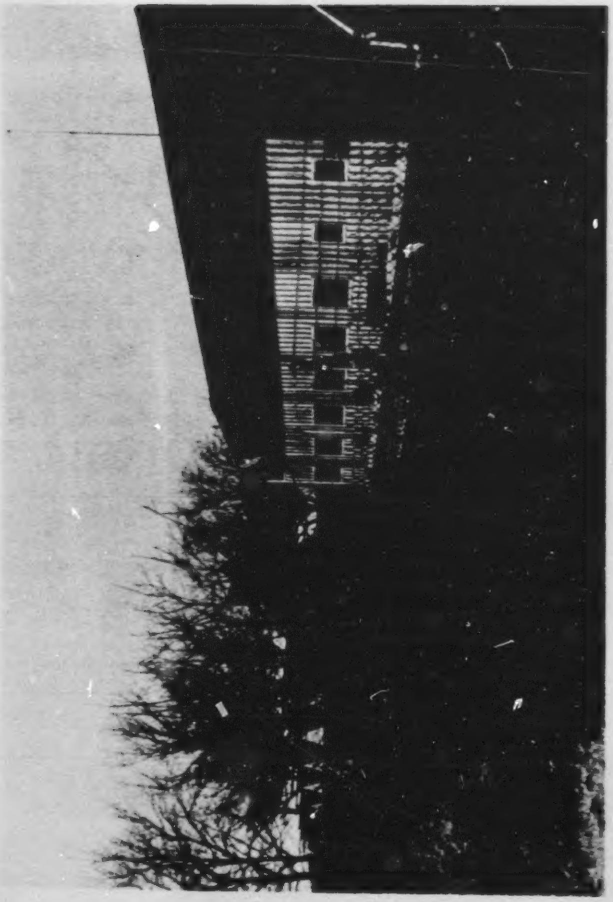
(The photographs referred to follow on pages 104 and 105.)

Description for photo on page 104:

Del Monte farm labor camp in Merced County, California. Del Monte owns in Merced County 5,100 acres with a market value of $6.9 million. Land holdings include peach orchards, fig orchards, and numerous farm labor camps. Located on South Bear Creek. Taken in winter of '70/71.

Description for photo on page 105:

Del Monte farm labor camp in San Joaquin County, California (on Calpack Road near Clifton Court Road). Del Monte owns over 3,300 acres in San Joaquin County with a market value of over $11.6 million. The Del Monte property includes five farm-labor camps. Taken in winter of '70/71.



The first picture is of a Del Monte farm labor camp in Merced County, California. Del Monte owns in Merced County 5,100 acres with a market value of $6.9 million. Land holdings include peach orchards, fig orchards, and numerous farm labor camps.

Located on South Bear Creek. Taken in Winter, of 1970–71.

The second picture of a farm labor camp at Del Monte, Calif., this is in San Joaquin on the Calpack Road near Clifton Court Road, where they own 3,300 acres and the property includes five farm-labor camps. The most prominent part of this picture is a sign that says "no trespassing," and there is a high wooden fence and a metal fence with barbed wire to keep people out and perhaps keep people in.

2. Tenneco is a conglomerate that probably is best known for its oil and gas products. But this massive corporation, one of the 25 largest industrial corporations in America, is just as deeply immersed in agribusiness. For starters, it owns the Kern County Land Co., a million-acre spread in California that leases another 700,000 acres of farmland elsewhere. That giant company is a major employer of farm labor, and it includes subsidiary ownership of processing plants and a farm management company. The J. I. Case Co. is one of the largest manufacturers of farm machinery in the country, and it is a direct subsidiary of Tenneco. Another subsidiary, Tenneco Chemicals, is a major producer of pesticides, while Tenneco's Packaging Corp. of America is also deeply involved in the food industry.

3. Stokely-Van Camp ranks 42d among all food processing and sixth among canning firms in the Nation. It had $274 million in net sales and operating revenues in 1970. It employs, according to Moody's, 19,000 seasonal employees in its plants and fields.

The housing, wages, and practices with regard to 860 migrant workers working in the Hoopeston and Rochelle, Ill., areas—snapping asparagus—do not differ from the sordid conditions of migrants all over the country.

For the fiscal year ending May 31, 1969, the top officers of the company were paid an aggregate of $318,000. Five migrant farmworkers during that period, on the average and in the aggregate, would have earned less than $10,000.

I wish to enter into the record at this point a copy of a form of contract between Stokely-Van Camp and its migrant farmworkers.

Senator Stevenson. The material will be entered into the record.

(The material referred to follows:)

Agreement To Employ Field and/or Factory Workers

Subject to arrival in satisfactory physical condition at below named destination designated as the place of employment.

This agreement is made and entered into by and between Stokely-Van Camp, Inc., with principal offices at Indianapolis, Indiana, hereinafter designated as the "Company" and the undersigned person hereinafter designated as the "applicant."

1. The Company shall not be obligated to employ the applicant unless said applicant is physically fit to perform the work contemplated herein on arrival at the destination designated below as the point of employment.

2. The Company agrees to employ the applicant in the growing, harvesting, and/or preserving of seasonal crops provided he arrives in fit physical condition for work beginning at the agreed destination, ____________________________,
(Town)
in the state of ____________________________, hereby designated as the place of
(State)
employment.

3. The Company agrees to pay the qualified applicant the minimum legal wage for work performed but not less than the rate of wage for the same class of

workers and classification of work prevailing in the locality where the work is performed.

For In-Plant or Industrial Work, $----- per hour.

For Agricultural or Field Work, the prevailing rate but not less than $----- per hour.

For Specific Piece Work, the prevailing rate per unit.

4. The Company shall, if requested, advance by way of a loan transportation fare from point of recruitment to specified destination, which cost of fare shall be repaid by applicant to Company out of his earnings after being employed at said destination, provided, however, should the applicant remain in the employ of the Company throughout the canning season concluding the fall of the current year when all Company crops are harvested and preserved, the Company will absorb said transportation cost or fare and in the event same has been deducted from his earnings will refund such amount to the qualifying employee at the end of the fall harvest and canning season.

5. When any particular seasonal crop to which the applicant is assigned as a worker is harvested and processed, and the Company has crops to be harvested and processed in other states or localities the applicant shall be required to accept work in such other states or localities under the terms and conditions of this agreement; however, the Company shall pay the cost of transportation for transfer of the employee to such state or locality.

6. In the event the Company does not have continuous work, the applicant may accept interim seasonal employment with other employers as may be arranged by himself or by the Company, but the Company will not pay transportation to or from such interim employers.

7. The applicant agrees to accept work as specifically assigned by the Company in growing, harvesting, and/or processing seasonal agricultural crops and agrees further to render work under this Agreement to the satisfaction of the Company on each specific assignment until all seasonal agricultural crops are harvested, processed, and preserved in the current year, at which time the Agreement shall be terminated.

8. The applicant agrees to accept such terms, conditions, and priviliges of employment applicable to all Company employees at any locality of employment, such privileges to include Workmen's Compensation Insurance as governed by the specific laws of the individual state where the assigned work is performed.

Place of Execution ------------------ STOKELY-VAN CAMP, INC.
Date ------------------------------- By ---------- ----------
Home Address ---------------------- (Company)
Age ---------------- Sex ----------
Advance on Earnings --------------- ------------------
Transportation ------ Other Cash ---- (Applicant)

(Social Security Number)

In accordance with properly approved written request on file, the applicant listed above is this date ---------------------- referred for employment at the designated destination above written, with the employer as named herein and under the terms and conditions of this Agreement.

STOKELY-VAN CAMP, INC.

By ----------------------------------
Date --------------------------------

Mr. Sorensen. I do not have time this morning to go into all specifics as to conditions of housing and employment practices of Stokeley-Van Camp with regard to migratory workers, but they do not vary much from conditions all over the country, but I would like to read one paragraph of this contract.

This agreement is printed up by Stokely-Van Camp to employ farmworkers to be transported, often from southern Texas to Illinois. This particular contract I have is to Hoopeston, Ill. To be paid either $1.60 an hour for in-plant work, or $1.30 an hour for agricultural fieldwork. The employee must pay for his transportation to bring him up from South Texas to Hoopeston, Ill.

One of the provisions of this contract I think reflects the general kind of attitude or approach toward the migrant seasonal farmworker. It reads:

> When any particular seasonal crop to which applicant is assigned as worker is harvested, and the company has crops to be harvested or cropped in other states, the applicant shall be required to accept work in such other states and localities under the terms of this agreement.

In other words, when this farmworker in southern Texas signs a contract to go to work for Stokely-Van Camp who has plants and fields all over this Nation, he is also required to accept work any other place in this country if Stokely-Van Camp has crops to be harvested or processed in other States.

This morning's New York Times has an editorial entitled "The Best Crop" where it talks about corporate farming and agribusiness. They mention farming becoming big business, attracting corporate investment and that the Government now finds itself in the ludicrous position of subsidizing the rich. The editorial says that clearly dollars are the best crop down on the farm nowadays and the best thing to farm is not the north 40, but the Government. Agribusiness, it concludes, has been feeding at the public trough too long.

I gave only three examples of the corporate invasion of agriculture. There are others, Dow Chemical Co., Heublein, Coca-Cola, Penn Central, Bank of America, Campbell's Soup, Prudential Insurance Co., Atlantic Seaboard Railroad, Union Carbide, Goodyear Tire & Rubber Co., Safeway, and many, many more including corporate families like Antle and Duda and Brand and Bentsen.

By our best estimate 75 to 85 percent of the farmworkers are employed by major food and industrial corporations. In Illinois, 80 percent of the farmworkers are employed for four large corporations. Such is just a partial rollcall of the agribusiness complex that has drastically altered rural America, and today dominates it.

The destiny of the small farmer, the farmworker and in fact all of rural America is now, for the most part if not wholly, determined by those who consider them merely a cost of doing business. Corporations don't make purchases in small towns. They view farmworker and farmer power as an increased cost of doing business, in other words, a situation to resist with all of their economic and political power.

The farmworker and the small farmer deal with America with their hats in hand. And the Government is not known for its responsiveness to those whose only power is a hat in their hand. The U.S. Department of Agriculture is at worst a department of agribusiness, and at best a crashing bore. It has presided over a continuing human drama of immense tragedy, rewritten the script into confusing and yawn-filled statistics, and when the theater is empty paid off the scalpers.

It is no coincidence that agriculture is represented in Washington by agribusiness interests, in Congress, in the USDA and in the lobbies too numerous to mention.

Government programs for the farmworker, the small farmer and rural America at large have consisted of prolonging and anesthetizing their demise, and they have been formulated and administered by those who will claim the estate.

Mr. Chairman, this subcommittee has had a productive and distinguished record of examining and documenting the plight of migrant farmworkers. Under the chairmanship of Senator Mondale, this subcommittee produced the final word on farmworker powerlessness, 16 volumes of excellent testimony. But the concluding volume of that testimony, given almost exactly a year ago today, altered the focus of the subcommittee from the powerless to the powerful. That hearing on the deplorable labor practices of the Coca-Cola Co. marked a very important and proper shift in focus.

It is that shift in focus that poses the challenge to this subcommittee now. Until the veil is lifted from these forces at work in the countryside and in Government, nothing can really change because we will only be dealing with symptoms and not causes.

CONSEQUENCES

I am also suggesting that the consequences of our present direction should be examined as well. Rural America is not just agriculture. It is towns as well as farms; it is small businessmen, plumbers, lawyers, teachers, factory workers as well as farmers and farmworkers. It is a life style with many advantages, if you are not immersed in poverty, and some disadvantages when compared to the city, but in any event a style that offers an alternative to city living.

Rural America contributes a vital flavor to the American character, and a distinct heritage of people and accomplishments to this Nation's culture and works.

If rural America dies, it will not just mean a hardship for the individuals involved or a further crowding of our cities with those now well-known accompanying problems—that is the cost of its death; it means a shrinking of our country's character and culture—and that will be the value we have lost.

With the present processes continuing, we seem doomed to honor these values only in their memory.

Mr. Chairman, it is long past time for a national dialog on what we want in rural America. Finally, now public leaders must face the difficult question of whether we will be a totally urbanized nation abandoning the rural areas to conglomerate agriculture, or whether we think that there is in rural America a combination of values, culture and life styles that is worth developing as an alternative to megalopolis. In short, shall rural America simply be one interlocked and integrated agribusiness factory, or shall it also be a place to live and work for yourself as well as others.

This is an altogether appropriate question for the Migratory Labor Subcommittee of the Senate.

CONCLUSION

It is the view of the Agribusiness Accountability Project that an investigation into the causes and consequences of the plight of farmworkers, small farmers, and rural poor would be a logical extension of the subcommittee's past work. In terms of powerless rural people, it would be the most useful direction for the subcommittee to take at this time in its history. The following are among the broad issues that the subcommittee should examine:

I. THE MYTH OF THE FAMILY FARM

It is important to destroy the carefully nurtured myth that the small family farmer remains the backbone of America's agricultural economy. In fact, agricultural programs work against the little farmer, who has little if any voice in the shaping of those programs. The family farmer myth has been fostered by agribusiness giants in an effort to avoid reasonable Government regulation of their own massive industry.

II. THE CORPORATE INVADERS

A parallel to the decline of the family farmer is the rise of corporate agriculture. It is essential to any understanding of rural American today to know precisely the nature and extent of agribusiness. Exactly what corporations are in agribusiness? How much land is owned or controlled? How many farmworkers are employed under what conditions? What is the share of the market controlled? Where are the interlocks? What is the degree of vertical integration of crops? These are the kinds of questions that need to be answered, and there follows some suggested categories of agribusiness that warrant questioning:

A. The corporate families.

B. The tax-loss farmers, including some of the major nonagricultural corporations in the country.

C. The food processors, such as Del Monte, Green Giant, Stokely Van Camp, Great Western Sugar, Ralston Purina, and Coca Cola.

D. The chain stores, such as Safeway, A. & P., et cetera.

E. The farm "input" industries—machinery, chemicals, seed, feed, packaging, marketing, transportation, et cetera.

F. The conglomerates, including Dow Chemical, Tenneco, Alico, et cetera.

G. The financiers, such as Bank of America, Prudential Insurance Co., and others.

III. AGRIBUSINESS IMPACT ON RURAL AMERICA

How has this corporate invasion changed rural America? What has it done to the small farmer in terms of the price he can get, in terms of his share of the market, in terms of his cost of operating, and generally in terms of his ability to compete? What has it meant to the farmworker? To the small town and those who live and work there?

IV. AGRI-GOVERNMENT

What are the dimensions of agri-government in Washington, the agribusiness lobbies and associations, its influence and representation in Government, its influence in politics?

What is the extent of the agri-government harvest—direct and indirect subsides to agribusiness, who gets how much and who gets little or nothing, how are services divided up, whom do the land-grant colleges serve?

And finally, agri-government versus the farmworkers. What is its participation in keeping labor cheap—braceros, green-carders, wetbacks—and keeping labor down—union-busting procurement programs, exclusion from Federal benefit legislation, gutting of ameliorative programs?

V. RURAL AMERICA: AGRIBUSINESS OR AGRICULTURE?

Where do we want to go in rural America? Who decides this? Should the powerful control? What are the solutions? It should be evidence by now that there are no traditional solutions. Our failure to date is sufficient evidence of that.

Mr. Chairman, I do not envy your role. Basic solutions will arouse powerful and emotional opposition, with little offsetting rewards.

But this subcommittee may be all that the rural poor have got.

Senator **Stevenson**. I thank you, Mr. Sorensen, for a very powerful and important statement. Your statement and the statements of the other witnesses this morning have, I think, all indicated that there is reason to believe that many of our public policies benefit, perhaps intentionally, just about everybody except the public.

These hearings will continue in the fall into who makes our public policies in agriculture which govern life in America, for whose benefit, and with what consequences. There will be opportunities for all parties and all issues to be heard as we continue our hearings then.

I wish we could continue now, but we are being evicted. The room is needed for another hearing which is about to begin. This hearing therefore is adjourned.

(Whereupon, the committee was adjourned at 1:40 p.m., to reconvene subject to the call of the Chair.)

FARMWORKERS IN RURAL AMERICA, 1971–1972

(Farmworkers in Rural Poverty)

TUESDAY, SEPTEMBER 21, 1971

U.S. Senate,
Subcommittee on Migratory Labor of the
Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to notice, in room 6202, New Senate Office Building, Senator Adlai E. Stevenson III, of Illinois, presiding.

Present: Senators Stevenson and Hughes.

Committee staff present: Boren Chertkov, counsel; Eugene Mittelman, minority counsel.

Senator **Stevenson**. This scheduled hearing of the Migratory Labor Subcommittee will come to order.

This morning we begin the second in a series of hearings on farmworkers in rural America.

The scope and direction of these hearings is set forth in my remarks at the July 22 hearings, which have been distributed this morning. The extent of rural poverty and the reasons for its persistence were discussed at the earlier hearing.

In these hearings we will explore the effect of mechanization in farming on the social and economic fabric of rural America; whether the advent of agribusiness, and the rise of corporations and conglomerates as agricultural powers, has helped to alleviate rural poverty, or to aggravate it; and whether "agrigovernment" is meeting its responsibilities to all the people and all the institutions of rural America. These subjects will be explored in the context of land use patterns and rural economic development potentials.

Our first witness this morning is Mrs. Polly Roberts, the coauthor of a recent Nader report on "Power and Land in California". I understand that Mrs. Roberts was responsible for the first three chapters of this Nader report, and these were the chapters that concentrate on the impact of land use policies on farmworkers.

Welcome to our hearings, Mrs. Roberts. Your report has stirred some controversy, stimulated some thinking, and I look forward to learning of your views on how the findings and conclusions of your report relate to our study of farmworkers in rural poverty.

You may proceed.

Mrs. **Roberts**. I have a written statement to submit for the record and I will summarize it.

Senator **Stevenson**. It will be received for the record and printed following your testimony.

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STATEMENT OF MRS. POLLY ROBERTS, COAUTHOR OF "POWER AND LAND IN CALIFORNIA"

Mrs. Roberts. In the California study, the question is roughly who owns the land, who benefits from what happens to the land, and who gets hurt, who determines public policy toward the land and how.

The Southern Pacific Railroad has about 2 million of California's 50 million acres which they got as land grants during the time they were building the railroad. There were a number of conditions attached to this land grant, in particular that the land was to be used for building the railroad, that is they would be able to cut the timber for making the ties and if the land had coal and iron deposits they were to use those.

If they had not either used or sold the land by 3 years after they completed the railroad it was supposed to revert to the public. As you know, they are still holding that land now; they are drilling for oil, they are farming it. We feel a good legal case could be made that Southern Pacific should return the land.

We had about 25 people all over the State, studying various areas. Mostly we collected a lot of fairly well-known material in many different areas—we could not do very much original research because most of us were not experts and we had only the summer. There were some complaints about the report when it came out that we didn't find anything much terribly new, but this criticism missed the point.

In fact what we were looking for was systematic patterns of abuse. I have listed some here.

The first one is the use of public expenditures for private gain, in particular the construction of public works for private gain. I think the most glaring examples are these water projects all over California most of which when you look closely at them are returning perhaps 50 cents on the dollar. But they do give some people a lot of water extra cheap.

And then there is my main topic today, the perversion of public programs designed to help the poor into programs which in fact, benefit the rich at the expense of the poor.

No. 3 is tax subsidies for the rich, and there are a lot more than just the capital gains tax I go into, here.

No. 4 is the prostitution of expertise, particularly to provide phoney economic justifications for the above abuses. For example you will find the Bureau of Reclamation using a 4-percent or lower discount rate and that kind of thing. It is really amazing.

No. 5 is the corruption and unaccountability of public officials—and we didn't mean just bribetaking. There was some, we didn't find very much. But we mean corruption in the most general sense, such as putting legislators in excessive dependence on powerful interests, or conflict of interests. As an example of institutionalized conflict of interest, State real estate commission is supposed to be composed of realtors, and the State forestry commission is composed of lumber companies representatives, and the agricultural commissioners are among other things supposed to supervise spraying of pesticides although they obviously have vested interests in not checking too carefully as to what gets sprayed.

No. 6 is the violation or nonenforcement of laws by those entrusted with their enforcement. I will later go into violations of immigration laws by the border patrol and then, of course, there is Bureau of Reclamation's failure to enforce the 160-acre limitation on land to be irrigated from Federal projects.

Finally there is the arrogance and dishonesty of large corporations and trade associations in dealing with the public. For example, I might mention here the "Proposition 18" campaign which was a statewide proposition to allow localities to vote to divert up to 25 percent of their gas taxes to be used on public transportation and pollution control.

Well, the highway lobby got itself together and raised a whole pile of money, and plastered the State from one end to the other with billboards in bright colors saying "More taxes? No, No. 18."

Of course, the proposition got clobbered. Yet it didn't have anything to do with raising the taxes.

Let me now get into my topic. I didn't work on the entire first 3 chapters; I wrote only the subsidy section of the agriculture part of the book. I am not really an expert on any of these areas so my work represents essentially the findings of an interested member of the public.

I think one of the most interesting things that we went into is the corporate farms. You are aware there is an increasing concentration of land and particularly land in corporate farms. California leads the Nation, I think, in the number of corporate farms, maybe Hawaii and Arizona are pretty close, but California, I believe, has the highest number of corporate farms.

Of course when you look at a corporate farm you have to distinguish between just a large holding that Farmer Brown has incorporated for tax reasons and some of the farms that belong to other corporations or groups of unrelated individuals. The USDA recently did a statistical profile of California corporate farms which found a rather startling concentration.

The USDA study found one-fourth to one-third of California's crop lands production comes from 1,673 corporate farms, which are about a little less than 3 percent of California's 57,000 commercial farms, and 20 percent of these farms accounted for half the corporate production. Actually, there were very few of the major publicly traded corporations, just a few like American Cyanamid, Purex, Tenneco, Southern Pacific. But the USDA's figures for concentration understate the actual concentration because in some regions and some crops you may have one company completely dominating the production.

We wanted to find out why there was this rapidly increasing concentration of land into the hands of corporations. Most of all, we wanted to find out whether this concentration resulted from natural economic forces or whether public policy had something to do with it.

One of the first things we looked at was economies of scale. The big farm organizations in California are always telling you, that the family farm or anything close to the family farm is economic obsolete and you can't make a living with less than a thousand acres. We discovered that all things being equal that just isn't so. On a high value cash crop a guy can make a perfectly good living on 640 acres, that is he gets all of the economies of scale on about 640 acres, and less than for some of the fruits. For instance, 10 acres of lemons are worth over

$60,000, besides if farmers have cooperatives, they can get those same economies of scale even if their holdings are considerably smaller.

So that wasn't it.

It was true that a small farmer in order to survive has to keep gradually increasing the size of his holdings but that doesn't mean he has to have 10,000 acres. So if it wasn't just economies of scale it had to be something else; that something else turns out to be a number of public policies which have a very drastic impact on smaller farmers.

I have gone into a little bit of the economics here and I hope it doesn't get too technical. The large operators and corporations have a lot of capital and not so much labor, they have a lot of land, a lot of equipment and relatively easy access to financing.

The little guy does not have that, he just has his little plot of land and his own two hands. Any kind of public policy that favors the guys with a lot of capital over the guys who just have labor is going to discriminate against the smaller farmers.

Another way of putting it, as I mentioned, is that the farmer's returns on his labor are disproportionately low. Which means if he had invested his money in the stock market and then taken an outside managerial job, he would be getting about the same from the stock market or perhaps a little more, but certainly a lot more for his labor.

Low return on labor and overproduction have been traditional problems of agriculture—problems which public policy has very greatly aggravated.

One of the most interesting areas of public policy with a great impact on agriculture, is the capital gains tax, though I think the effect is unintentional. Namely, agriculture makes a marvelous tax shelter if you have a lot of heavily taxed income. Say you are a practicing doctor or dentist or you are just a big corporation with a lot of cash income. A very good way to avoid taxes is to invest that money in agriculture. You can invest it in building up an orchard or a prize breeding herd all the while deducting it as a loss, and then when it comes to selling the orchard or herd many years later you pay only 25-percent capital gains tax on it instead of 50 percent or more. In effect agriculture is a machine for converting cash income to capital gains—you can save an awful lot of money that way.

You can also save taxes because of the way land is taxed.

Land is generally undertaxed, which makes it very cheap to invest a lot of extra money in just holding the land, because you get the interest free while you are holding that land, say if your land appreciates at the same rate as holdings of stocks. You are getting income from the stocks every year, and you are taxed on that income from the stocks. But as your land increases in value you are not taxed on the appreciation each year, you are just taxed at the end of the time when you sell that land and that can save you an awful lot of money, too.

So we found that a lot of individuals and corporations go into agriculture and landholding just for the tax breaks. That means they don't care whether they make a profit from it or not. This is unfair competition for the guys who are farming for a living, who don't get the tax breaks and have to make a profit to survive.

There were getting to be so many speculative holdings of citrus in the last decade that the 1969 Tax Reform Act actually contained a provision more or less knocking out the capital gains loophole for citrus but it still applies to everything else. As I understand every year in Texas the cattle-raising industry takes a bigger tax loss. As far as the IRS can see Texans actually lose money on cattle.

The next sections—the ones I actually worked on in preparing the report—deal with the various subsidy programs.

I think we are all familiar with the price support programs. Essentially the Government pays farmers to keep the prices high so that the public can pay more for food. This is supposed to reduce fluctuations in farm income and keep it a little higher and so forth. Of course, the correlary of raising income is the Government also has to pay an awful lot to keep production down such as putting acreage limitations on farmers. The programs have grown so complicated over the years that one expert who understands one end of the subsidy programs won't understand another. It is just unbelievable.

The payments come in proportion to production which means the big guys get the most. Russell Giffin is one of the big guys—he got somewhat over $3 million on his cotton last year, while of course the little guys got almost nothing. So the effect of the programs is to redistribute income from poor to rich. Furthermore, naturally enough, the value of the subsidies tends to become capitalized into the land increasing the price of land. This is all very good if you have a lot of land but not so good if you have very little land and need to buy more to expand. So again there is this bias in favor of capital and against labor.

There are also marketing orders which, as you may be aware, are both Federal and State laws allowing regional cartels by majority vote of the producers and processors. Marketing orders have had very much the same effect. They have allowed the big growers and processors to more or less set the terms under which a commodity is marketed. This is to their own advantage but it has been pretty rough, particularly on small processors.

In my report I went into great detail on *Case-Swaine* versus *Sunkist*. Case-Swaine was little citrus processor who bought up surplus oranges and turned them into juice. Sunkist, which is a huge cooperative with about 80 percent of the western citrus market, built its own processing plant and abruptly cut off supplies for Case-Swaine and a number of other processors, most of which then went out of business. But Case-Swaine is in its 12th year of a suit for triple damages under antitrust against Sunkist. This is typical of some of the activities under marketing orders.

And, of course, there are other programs. The USDA has conservation programs for increasing the productivity of the land. I think I might call your attention particularly to section 32 surplus removal programs. Pretty much anything that is overproduced can qualify. The USDA will buy it up and ship it abroad or give it to the poor. Section 32 programs are funded, as the USDA handbook says, "without the need for annual congressional approval and appropriations by 30 percent of annual duties collected on imports."

That is a pretty nice setup. They have automatically 30 percent of duties collected on imports going to support agriculture. How did they ever manage to earmark that little sum for themselves?

Another area of subsidy is water subsidy. As I am sure you know water is terribly important in the West because most of the land is pretty dry. You have to bring in water for irrigation; the question is, How much water? In other words, are you bringing in more water than economically justified?

But another totally obscure area is the effect of water law. Westerners have this idea that water should be free. Since if it is free there wouldn't be enough to go around, water is actually divided up according to water rights which you can attach to your land by using the water first, either pumping or diverting it from a river. This system again has the same discriminatory effect because if you are large and well-to-do, you can grab water and start using it at a tremendous loss in order to have it when you need it. So the big guys get the water first, and when the little guys get to needing it, there isn't any left.

I mentioned the case here of this company in Barstow—a little desert town in the Mojave—which is madly pumping great quantities of water out of the underground Mojave River and then pumping it back down into the ground. This crazy activity means that later on they will have rights to that water.

The other effect of the water rights approach to allocating water is that it encourages an enormous waste of water because people who get it first can use it very wastefully because they don't pay its true value. Then the people who come along later don't have any water and complain about the "water famine." This apocryphal water shortage justifies irrigation projects which have long been a specialty of the Bureau of Reclamation.

As you know the Bureau has dotted the West with dams and irrigation projects. These have come under increasing criticism as economically unjustified as well as environmentally destructive. The Bureau regularly double-, triple-, and quadruple-counts benefits, and uses a discount rate of 4 percent or sometimes less, the discount rate being the measure of how much you could get if you put that money elsewhere. At a 7- or 8-percent market interest rate for your money and, considering the various uncertainties of investing in a project like that, a more reasonable discount rate might be around 10 percent. Since interest is the largest single cost in building public works projects, it makes an enormous difference what kind of discount rate you use. No reputable economist would ever justify a 4-percent discount rate, 5-percent minimum. But most of them will put a logical discount rate at around 10 percent which makes the Bureau's projects look pretty bad. But even worse is the effect of subsidizing irrigation in the West on agriculture in the rest of the country.

Irrigated lands are very productive. Bureau engineers justify irrigating open land under the so-called regional development theory, that the irrigation project will stimulate growth so much in the project area that it will bring great returns and blessings to society. But of course they neglect to consider that once you have overproduction in agriculture you can stimulate one region only at the expense of another region. The net effect of these irrigation projects has been to shift a lot of production of crops like cotton from traditional areas like the South, which are not irrigated, to the West.

So one reason why cotton is not doing so well in the South these days could be that a lot of cotton production has been shifted to areas like California, Texas, and Arizona by irrigation projects sending people off the land in the South.

California is doing the same thing. As part of their new State water project they will be irrigating almost half a million new acres on the west side. This land is in the hands of very few large landowners at this point. The land will go mostly to growing high value specialty crops, apricots, peaches, pears, et cetera, which at the moment are a last preserve of small farmers in California. But the effect of bringing all this new acreage into production will send the price down. The big guys will have new plants, fresh stock, so they will be able to hold out, while the older fruit-producing areas will go out of business. And then you have another flood of small farmers driven out.

The next section I have is the research subsidy which again I am sure is quite familiar to you. We mentioned the tomato picker, developed at the University of California at Davis, which has reduced the number of jobs available to farm laborers at considerable benefit to the tomato industry. Almost all of the benefits of this tomato processor are going to the big processors, Del Monte, Campbell, a few types like that. But there you have an enormous amount of Federal and State money going into research to increase productivity again, as if there weren't overproduction.

Furthermore the research is oriented toward benefiting the very biggest growers. We talked to the Extension Service people and they say yes, we serve the best farmers, the biggest ones, the most efficient ones. So again you have an enormous bias toward capital and against labor. The mechanization and new machines not only put farmworkers out of work but they are often too expensive for the smaller farmers to use or to use effectively on their smaller holdings of lands. So you have another public policy that puts the small farmers out of business. I think it is particularly distressing that here you have the Federal and State Government actually financing research to put people out of jobs.

In any other industry there would be a lot of complaints but you never hear anything about this in agriculture.

My final section is what I call the labor subsidy and this was certainly the most shocking to me. I came out to California and, yes, I knew the farmworkers were not included under a lot of legislation that covered other workers.

Senator STEVENSON. Mrs. Roberts, Senator Hughes would like to ask you a question.

Senator HUGHES. In relation to the research segment of your statement here, are you aware of additional research that is being done presently and how it is being financed and what it is directed at?

Mrs. ROBERTS. I have in here a breakdown for last year's research in California. I have forgotten the exact figures, there was quite a lot of money at any rate.

Senator HUGHES. Do you have any for other parts of the country?

Mrs. ROBERTS. I have no idea what research is done in land-grant colleges all over the country except that it is quite substantial.

Senator HUGHES. I was wondering, for example at our own universities in Iowa and Illinois, if you have any breakdown on their research?

Mrs. Roberts. I really have no idea. The Federal Government gives money, I think it gave last year to California $7 million, the State is supposed to match that. The State does a good deal more than match it in California.

Senator Hughes. In this philosophical discussion of who benefits by this sort of research, you were speaking in particular of this tomato picker in this particular section.

It cannot be concluded that societies have always benefited from the invention of the tomato harvester.

Mrs. Roberts. The economists who studied the tomato harvester were using a modified version of the theory of Pareto optimization which says in effect no change is good unless the losers from it can be and are bribed by the gainers to vote for the change. They calculated that the returns on the tomato harvester were so enormous that those who benefited could have paid the displaced farmworkers a fair compensation for the jobs they lost and still come out ahead but since of course no compensation was paid they concluded by this modified Pareto theory—you know, it is welfare economics, it gets kind of complicated—they concluded that by these standards society could not be considered to benefit because no compensation was paid.

Senator Stevenson. Assuming there was a benefit just from the consumption of lettuce and tomatoes?

Mrs. Roberts. These are processing tomatoes exclusively, not the kind you get in the grocery store.

Senator Stevenson. Aren't the tomatoes developed in such a way that they yield well to the mechanical picker, with the horrendous result that tomatoes don't taste like tomatoes anymore?

Mrs. Roberts. That may be for other reasons, like there has been an enormous amount of effort in Davis to breed the square tomato because the square tomato would fit better in a packing case. In other words there has been a large effort to breed fruits and vegetables by almost every criterion except palatability.

They tried to breed bigger and fatter grapes because grapes are measured by weight, though they may taste a lot worse. I remember those Chilean grapes that were coming in here during the grape strike; they were much smaller but they sure were sweeter.

Senator Hughes. Have you arrived or has your group arrived at any philosophical point as to whether it is better to preserve the jobs, the farm labor in picking tomatoes, for example, than to experiment for the future of mechanization?

Mrs. Roberts. I think it is very much a question of where you put your money, among other things. Capital is scarce, there is no point in putting capital into agriculture where agriculture already has too much capital. There is overproduction with all of these expensive machines. There are much better ways to put your capital than into agriculture and especially when by doing so you are putting people out of work.

Somebody has to support those people; either they will starve or the public will pay for them on welfare. You know there is no point.

Senator Hughes. I think you have arrived at a conclusion, whether it is stated as a positive conclusion or not. The point I am trying to get at, and really not very much, I am afraid, in the way I am stating it, is the fact that I was trying to determine whether you felt it was better to discontinue all research in the field of agricultural labor that would discontinue jobs, whether that would be preferential to paying people welfare?

Mrs. ROBERTS. I imagine it would be, but every industry except agriculture finances its own labor saving equipment. The point is, it is not the business of the Federal and State Governments to finance equipment to put people out of work. If the industries themselves want to finance it, that is the story of this country.

People are always getting put out of work by technology but it is not the place of the Government to be putting people out of work.

Senator HUGHES. In other words, you conclude that we have been spending millions of dollars in research to put people out of work?

Mrs. ROBERTS. Precisely, precisely.

Senator HUGHES. And that this is a policy that the Federal Government should not follow, or State governments, for that matter?

Mrs. ROBERTS. Yes; I believe so.

Senator HUGHES. Thank you. Thank you, Mr. Chairman.

Senator STEVENSON. Please continue, Mrs. Roberts.

Mrs. ROBERTS. I will just run briefly through what I called the labor subsidy. As I mentioned when I came to California I was aware that there were a lot of Federal and State policies protecting other workers which did not cover farmworkers, but what really surprised me was that I could only call a rather systematic collaboration of big growers and public officials in California to insure that there was a plentiful supply of farm labor usually working far below the minimum wage because there were no checks on that kind of thing.

The most striking thing was, of course, the violation by the border patrol of the immigration laws. Of course they don't consider it a violation. What you have here is the border patrol and the growers bringing in Mexican people to work on the farms and to some extent in small businesses to the exclusion of American workers.

Now, the border patrol justifies this as a form of foreign aid and because the Mexicans are starving it is very hard to say they should not get work. But the point is that bringing the Mexicans in as a form of foreign aid amounts to foreign aid at the expense of the poorest American workers. If you want to give foreign aid to Mexico, fine, but don't do it at the expense of American poor, yet this is just what is happening.

Probably the most famous case in the so-called green card program. The green card is a visiting pass which theoretically you are supposed to get if you have taken out a visa, immigrated to the United States, established residence, and then you can get a visiting pass to go back across the border to visit your family. But what in fact happens is that anybody who applies for a visa gets a green card and it becomes a work permit.

Senator HUGHES. Do I understand you correctly; anyone who has ever applied for a visa immediately gets a green card?

Mrs. ROBERTS. I don't know exactly what the redtape is, I suppose he has to apply for the green card, too. The point is the condition for getting a green card is supposed to be an establishment of residence. The border patrol waives this requirement and the visa may expire and the guy still uses the card.

At any rate the California Rural Legal Assistance did challenge this one. They lost in the ninth circuit court and went to the U.S. Supreme Court which refused to hear it. But I don't think this really changes the issue. In California it is a real political hot potato.

Another way in which America growers get Mexican workers is of course illegal entrants, of which there are very large numbers. There were an estimated 300,000 of them in California in 1970 season. Partly the problem is the border patrol is very badly understaffed. When I went around interviewing them last year they were running something like at least 30 percent understaffed. What is interesting is while they were in bad shape already under the Johnson administration, they had gotten in even worse shape under the Nixon administration. This is economy in Government, but it strikes me as a bad place to economize.

Another area in which I would almost say the border patrol is guilty of a certain amount of complicity is this business of blue cards. Blue cards are supposed to be 3-day visiting permits which you get to visit relatives across the border in the United States.

Unless the person applying for a blue card states that he is going more than 25 miles within the United States there is no date put on the card which means that blue cards can be turned into kind of a work permit too. Furthermore the recipients are not fingerprinted so what frequently happens is the illegal entrants use blue cards to come in.

They come in, show their card and once in, they mail the blue card back to their family and go to work. Then if they are picked up, the border patrol has no way of matching them with blue card recipients so they get shipped back across the border, pick up their blue card from their family and come right back across again.

You would think the border patrol could at least put a date on these cards. It is too much work. I guess.

Then there is also the farm labor service. The California farm labor servicve I think is one of the biggest. Their budget is $3.5 million. The farm labor service is supposed to be there to help farm workers find jobs. The way it is operated in California, and I would suspect elsewhere, it is operated by growers to help growers find workers. The California labor service has repeatedly run into scandals.

Some of its officials were picked up for taking bribes a number of years back, that is the growers were sending them their so-called surplus produce as kind of a bribe for getting first access to workers.

They have also been repeatedly brought into court for sending people to jobs that didn't pay the minimum wage, sending people to jobs that had already been filled—because they don't require the grower to phone in and say he has filled the job—sending people to jobs in which there were no toilets, drinking or handwashing facilities, not checking on whether workers were being sent into fields which had recently been sprayed with pesticides and so forth.

The effect of the service is to subsidize growers who don't make the slightest effort to pay decent wages and provide decent conditions. If they can't get farmworkers through ordinary channels they can always fall back on the farm labor service, which is a decided disincentive to all growers to offer better conditions. I think the farm labor service has thoroughly outlived its usefulness if it ever had any.

There is a provision, I believe, by which the Labor Department can simply cut off its support to the service if it doesn't perform as it is supposed to. So I would heartily recommend that you suggest the Labor Department dispose of the farm labor service.

I also mention here as an illustration of how systematic this discrimination of workers is, the welfare departments in a number of areas in California rather routinely toss everybody off the welfare rolls come harvest time. This further adds to the surplus of desperate people looking for jobs and drives the wages down, of course, just what the growers need. There was such a case in the papers a month ago.

A judge ordered the local welfare department to put people back on the welfare, not just to toss them off. They had been taking the buses out to the fields and of course many of them had never picked crops so even when they found the jobs, which wasn't most of the time, they were not able to make any money out of it. So this is a difficult problem because the growers and the public officials are now so set in their ways, that probably the only answer is unionization.

I think I will let it go at that and if you have any questions go ahead and I will do my best.

Senator STEVENSON. Thank you very much, Mrs. Roberts.

I can see how in practice many public policies discriminate in favor of capital against labor, the rich against the poor. You talked about capital gains at the outset. That may be the effect of the preferential treatment in our tax laws but it wasn't the Congress' intention to discriminate. Can't the little farmer that sells his land get that preferential treatment as well as the large?

Mrs. ROBERTS. But the point is the little farmer isn't getting outside income, putting it into his farm and getting a tax break and furthermore the little farmer doesn't have that much land and if he is to make a go of it he has to buy more land or at least rent more land. The fact that you have these outside people buying up a lot of land, driving up the price of land, thus depriving him of his chance to expand, and getting more money from the outside so that as long as they get their tax break they are willing to farm at a loss that is pretty drastic competition for a guy who has to make a living at it.

Senator STEVENSON. It seems to me that we have a provision of the law which is there theoretically for the benefit of everyone. My point is that it is very unlikely that the law is going to be changed.

What can be done to change this continuing trend toward bigness in agriculture? You mentioned price supports. There have been inequities, there recently have been some efforts in the Congress to remove some of the loopholes, but we don't have price supports for fruit and vegetables.

Mrs. ROBERTS. You have marketing orders which have somewhat the same effect, and you do have section 32.

Senator STEVENSON. I was wondering if you could discuss this a little bit more. For example, I don't quite understand how these marketing cooperatives can be put together and used to effectively exclude others from the marketing of farm produce. Does not this violate the anti-trust laws?

Mrs. ROBERTS. They have a special exemption from the anti-trust laws under the Capper-Volstead Act.

Senator **Stevenson**. Who does?

Mrs. **Roberts**. Farming cooperatives, there is a specific exemption

Senator **Stevenson**. Farming or marketing cooperatives?

Mrs. **Roberts**. Cooperatives of growers.

Senator **Stevenson**. Do you know of any other exemptions within our laws for particular groups?

Mrs. **Roberts**. I would cite the Failing Newspapers Act.

Senator **Stevenson**. I can think of many regulated industries that are exempted but the fresh fruit and vegetable industry is not generally considered as being a regulated industry.

Mrs. **Roberts**. What these marketing orders were supposed to do, theoretically, was allow small growers to get together in the face of pressure from large processors and withhold their produce in return for getting better terms from the processors.

As part of this thing they make an agreement with the processors that has to be voted on by the processors to get under the marketing order too. The effect has been—since this is majority vote, majority by volume or by number of people—it has been to allow the processors or cooperatives which include both growers and processors who dominate the field already to gain complete domination. I might mention Sunkist is a big cooperative dominating Western citrus. Speaking of the antitrust, Sunkist just got clobbered on the antitrust because the Supreme Court recently ruled that Sunkist was not a marketing cooperative exempt from anti-trust because there were a lot of integrated processors in it, that is, people who grew their own oranges, packed and shipped and processed their own oranges.

So that may have some interesting repercussions because there are a lot of setups like that which now that the Supreme Court has said they violate the law they may have some interesting antitrust actions against them.

Sunkist is by far the largest of these cooperative organizations in Western citrus. They were imposing restrictions on output on their membership to drive the price up and the natural result was that growers outside of Sunkist were getting a larger and larger share of the market because they were underpricing Sunkist. So Sunkist went out and drew up the papers and got one of these marketing orders imposed on citrus and since it had the majority of citrus producers both by number and volume it had a majority vote, imposed this marketing order on the entire industry, and was able to impose the restrictions it previously imposed only on its members on the entire Western citrus industry.

Senator **Stevenson**. I wonder if we could discuss a bit more about mechanization. Wage costs are so low in farming and agriculture that it is hard for me to understand why it is any more economical for farmers to mechanize, especially when the cost of mechanization and the amortization of the very expensive machinery is high. Is that the real reason for continuing mechanization in agriculture, is it economy?

Mrs. **Roberts**. Mechanization is subsidized. In cases like the tomato harvester, originally the growers were not even interested in the thing. This was a very farsighted idea by the developers in Davis. I think the developer was quoted somewhere as saying that he had seen "nationalities" come and go in the fields and one of these days we were going to run out of nationalities to do our hard work. So this is why he undertook to develop the tomato harvester at a time when the growers could not have cared less. But then with the coming of unionization the growers were very glad to have that kind of thing there waiting.

Senator STEVENSON. Is it economy or is it just easier in many cases for large farmers to deal with machines than human beings?

Mrs. ROBERTS. It is certainly cheaper once the machinery has been developed, at least for the large farmers.

Senator STEVENSON. Including the amortization and the depreciation of that machinery?

Mr. ROBERTS. I believe so. At least I assume it was included in Sekler and Schmitz's calculations, but the point is they would not have that tomato picker if there were not that subsidized little group of dedicated servants of agribusiness in the State universities, busily anticipating agriculture's problems 25 years in advance and solving them.

Senator STEVENSON. Senator Hughes, do you have any further questions?

Senator HUGHES I have plenty, but I think I will pass.

Senator STEVENSON. I have plenty more too, but we will have to keep moving on with our other witnesses. Thank you very much, Mrs. Roberts, for helping us out this morning.

Our next witness is Mr. Alfred Navarro. Mr. Navarro is the executive director of Cooperative Campesina of the Central Coast Counties Development Corp., Aptos, Calif. He is accompanied this morning by Mr. Manuel Santana, who is chairman of the board of directors of the Cooperative Campesina.

I first learned of their activities on a television news report last spring. I was fascinated to hear about those activities and subsequently I read more about them in articles by Peter Barnes, which were published in the New Republic June 5, 12, and 19, 1971, and later in the Washington Post.

Without objection I will order that those articles by Mr. Barnes be printed in the record, following the prepared statement of Mrs. Roberts.

(The information referred to follows:)

PREPARED STATEMENT OF MRS. POLLY ROBERTS, COAUTHOR OF "POWER AND LAND IN CALIFORNIA," A RALPH NADER TASK FORCE REPORT

I was one of about twenty-five "Nader's Raiders" who conducted an investigation of land use in California in the summer and fall of 1970 under the direction of Robert Fellmeth. The preliminary version of the report, entitled "Power and Land in California", was released to the public about a month ago. I have been invited here to present our findings as they bear on agriculture and the people who depend on the land, either as farmers or farmworkers.

But first, a bit about the study, how and why it was conducted, and what its findings mean.

As I said, there were twenty-five of us, scattered over the state, divided up into teams studying such specific areas as land ownership, agriculture, water development and pollution, wild lands, land development, city planning, transportation, and political power. As with previous Nader projects, we aimed to answer the simple question: Who is getting what and at whose expense? In the California study, this question translates roughly into: Who owns the land, who benefits from what happens to the land and who gets hurt, who determines public policy towards the land and how?

Why study land? Land ownership means control of natural resources. Land is so important a source of wealth and political power that Winston Churchill has termed land monopoly "the mother of all other forms of monopoly". Then, the land is being permanently altered at a rate that has caused increasing alarm.

Finally, land provides a convenient unifying focus for studying what is really going on, economiclly and politically, in the state and ultimately in the whole country.

Our report, as you may be aware, was released last month to the predictable accompaniment of cries of outrage from individuals and interests criticized. The arch-conservative San Diego Union, for instance indignantly accused Mr. Nader of "adovocating reform in California." On the other hand, a number of sympathizers expressed disappointment that the report turned up little startingly new information but rather released old and well-documented scandals. This criticism misses the point, for we sought to document not so much abuses of themselves, but systematic *patterns* of abuse, in order to discover their root causes. In brief, we discovered (not necessarily in order of importance) the following patterns:

1. The use of public expenditures for private gain, in particular, the construction of public works for private gain.
2. The perversion of public programs designed to help the poor into programs which in fact benefit the rich at the expense of the poor.
3. Tax subsidies for the rich.
4. The prostitution of expertise, particularly to provide phony economic justifications for the above three abuses.
5. The "corruption" and unaccountability of public officials. By "corruption" we do not mean just bribe-taking (we found little of that) but rather such phenomena as the excessive dependence of elected officials on campaign contributions from powerful interests, or such institutionalized conflict-of-interest as the legal requirement that the State Real Estate Commission be composed of realtors
6. Violation or non-enforcement of laws by those entrusted with their enforcement.
7. The arrogance and dishonesty of large corporations and trade associations, in dealing with the public.

All these patterns can be traced ultmately to excessive concentrations of power in private hands, much of that power based on or reflected in colossal holdings of land.

Agriculture in California supplies abundant examples of all these patterns. As I go through our findings on agriculture, you will probably hear few facts or accusations entirely new to you; but I think the total configuration should still be startling.

AGRICULTURE IN CALIFORNIA: WHO OWNS THE LAND?

California leads the nation in agricultural production. In 1969, California production was valued at over $4 billion. The state produces better than 250 crop and livestock commodities, giving the U.S. over 25% of its table foods, and 100% of many specialty items such as artichokes and avocados. Yet, although California has some of the richest land in the country so that it could theoretically support smaller farms, in fact the size of California farms is well above the national average. For instance, over 30% of California farms have over $40,000 in sales, as opposed to 8% nationwide.

This committee focusses primarily on farm workers, rural poverty, and the associated flood of the dispossessed from the land. On the other side of the coin is the increasing concentration of land ownership in the hands of the few. For example, after decreasing to a low of 224 acres average in 1930, and 230 acres in 1940, by 1969 the average acreage of California farms had increased to 627.

Let me mention a few statistics from the 1970 USDA survey "A Statistical Profile of California Corporate Farms." The survey found that one fourth to one third of California's cropland production comes from 1.673 corporate farms, 2.9% of California's estimated 57.000 commercial farms. 20% of these farms, accounting for half the corporate production (or ⅛th to ⅙th of California cropland production) engage in businesses other than farming. And while the majority of corporate farms were of the "Farmer Brown, Inc." variety, that is, substantial family farms incorporated for tax purposes, 39% belonged to other corporations or to groups of unrelated individuals. Among these the USDA found somewhat less than 100 publicly owned corporations including such familiar names as American Cyanamid, Purex, Tenneco, Standard Oil, and Southern Pacific.

These figures for overall concentration of course vastly understate the actual concentration which is much higher in certain crops and certain regions. For example, the giants Bud Antle (belonging to Dow Chemical) and Purex (a subsidiary of United Fruit) between them control over half the lettuce production in California.

Incidentally, we (and the USDA researchers before us) had considerable difficulty discovering who the biggest landowners are and how much they hold. No public agencies collect this kind of information and the owners themselves were very close-mouthed. We did learn though that the biggest landowner in California, the Southern Pacific Railroad, with 2 million of California's 50 million acres, probably holds this land illegally, since it has blatantly violated the terms of its original land grant.

PUBLIC POLICY AND RURAL POVERTY

The smaller farmers naturally resent their increasingly colossal competitors; one such farmer told us that, given a fair chance, he could "beat the pants off any corporation". Probably he could, since farming for him is a lifetime commitment rather than a 9 to 5 job, but as things stand today, he won't get that fair chance. The question is, why not? Is this farmer being driven from the land as many would have us believe, by impersonal economic forces, or has public policy contributed substantially to his plight?

First we looked to see if economies of scale justified a farm of many thousands of acres. But we found that a farm will exhaust technological economies of scale at around 640 acres of irrigated land for cash crops and much less for fruit (for example, 640 acres of lemon trees are worth more than a million dollars.) And farmers can get around even these economies of scale by renting equipment and buying supplies through cooperatives. (Although to survive in the long run, small farmers must be able to expand their operations.)

In brief, we discovered that much of the pressure driving people from the land results intentionally or unintentionally from public policy, especially public policy ostensibly designed to do just the opposite, that is, to promote the family farm. Let me repeat, much of the pressure driving people from the land into the cities in the greatest migration of our times, results from public policy. That this should be so puts the responsibility squarely upon you, as makers of public policy.

How can public policy drive people from the land? Quite simply, by enormously aggravating certain basic problems already present. For a start, agriculture suffers from chronic overproduction. Any policy that aggravates overproduction hurts small operators more than large operators with deeper pockets. More important, the small operator is relatively short of capital, that is, land and equipment, but well supplied with labor—his own. To put it another way, the small farmer's returns on his labor are disproportionately low compared to the returns on his land and equipment. That is, if he had invested his money in the stock market instead of land and equipment, and had taken a managerial job commensurate with his abilities, he would receive the same for his money but more for his labor. Therefore, any policy that decreases further the available supply of capital, land in particular, or increases his requirement for them, discriminates against him in favor of large operators who are plentifully supplied with both. Likewise, any policy that decreases the value of labor has the same effect—and, of course, hurts farm labor as well.

To summarize, any policy which favors capital and cheapens labor benefits large farmers and hurts small farmers and farm workers, forcing them off the land.

I know this all sounds very abstract; the following survey of public policy affecting agriculture should show more precisely what I mean.

TAX POLICY

When we commenced the study, we immediately asked why, considering the comparatively small profit margins of agriculture, so many big corporations and wealthy individuals with no background in farming were jumping so readily into the business. Their eagerness seemed all the more startling in light of the fact that a USDA study showed that of the 66,000 biggest farms in the US in 1963, two thirds reported losses to the IRS—even though their average gross receipts were well over $40,000. The catch was not hard to find: agriculture provides one of the coziest tax shelters in the land. It works as follows:

Say you are a corporation or rich individual with $40,000 to spare each year. Rather than pay a 50% tax on this money, you invest it in building up your orchard or prize dairy herd, claiming the money as a loss, and so saving 50% or $20,000 in taxes a year. At the end of five years, say, your orchard or herd is worth $200,000 more. You sell, paying a capital gains tax of 25% and come out with $150,000, $50,000 more than had you paid taxes. (And this calculation does not include your savings on interest either.) At this rate of saving, you can even sell your orchard or herd at a technical loss and still come out way ahead. In other words, farming has become a machine for converting regular earnings to capital gains. In this way, Governor Ronald Reagan managed to pay no state taxes at all in 1968 and 1970.

Or, you might just want to avoid taxes by buying and holding land for speculation, for when you invest your money in land, you get free use of the interest on the tax money you save ($20,000 for five years, $40,000 for four, etc.); at a market rate of 7% this comes out to an additional $23,000. Had you put this money in the bank you would have been taxed annually on the interest and would have come out with considerably less. In fact, the longer you hold the land for speculation, the bigger your tax saving. Any profit you make from farming it while you hold it is just gravy.

In other words, our tax system encourages speculators and fugitives from the tax collector to invest in agriculture. As long as they get their tax breaks, these johnny-come-lately's don't care whether their operations make a profit. In other words, they will invest in farming and worsen overproduction when existing overproduction has already reduced profits to near zero. Yet of course they compete with established farmers who cannot get these tax breaks and need an adequate margin of profit to survive. The squeeze on established citrus farmers became so bad in the last decade that the 1969 tax reform partially closed the capital gains loophole *for citrus only*, but the pressure continues unabated in other areas despite repeated attempts at reform.

Aside from competing unfairly, land speculators and tax dodgers drive up the price of land. This means the established farmer must pay higher taxes on his land; furthermore, the land he must buy or rent for necessary expansion of his operations becomes more expensive.

The tax subsidies which promote urban sprawl have the same effect. That is, we found land around cities to be systematically undertaxed for its development value (though of course overtaxed for its agricultural value). This undertaxation encourages speculative holdings which in turn encourage sprawl. The pressure of sprawl then sends farmers off looking for new land. Since to avoid taxes for the land they sell, they must buy new land within the year, their eagerness further drives up the price of land. Then, the relatively high price of the new land encourages the farmers to put it to more intensive use—further increasing overproduction.

Once corporations and individuals with substantial outside income get into agriculture, they put established farmers at a further disadvantage. For to survive, the smaller farmer needs bank credit to buy or rent necessary land and equipment, and to finance his vital expansion. But obviously the banks consider those with outside holdings a better credit risk, and will give them preference in times of tight money. Thus the professional farmer who has one bad year, whether his fault or not, may well find himself abruptly cut off from credit, his land forfeit to the bank.

Finally, outside corporate entrants to farming may threaten established farmers more directly, as, for example, when large processors buy up a substantial part of the land producing the farm products they process. Processors in this position can deliberately underprice their own production, squeezing the independent farmers who compete with them. The Anderson Clayton Company, a cotton ginning company with substantial cotton acreage would be a good example.

So much for the tax favoritism that gives individuals and corporations with outside assets an unfair advantage. The figures on concentration I cited above suggest that at least a sixth if not more of California's cropland production comes from outfits with such tax advantages. The plethoras of agricultural subsidies, most of them ostensibly designed to help small farmers, have a similarly biased effect. I have divided these into four areas: USDA Subsidy Programs, the Water Subsidy, the Research Subsidy, and the Labor Subsidy.

USDA SUBSIDY PROGRAMS

Commodity price supports

The commodity[1] price support subsidies, as we all know, are an arcane system by which the public pays farmers to keep their prices high so that the public can pay more for food, fibre, and cigarettes. According to the calculations of former Budget Director Charles Schultz, the annual cost of the farm subsidies currently exceeds $10 billion, or roughly the combined costs of all local state and federal welfare programs, including Medicaid, and is rapidly increasing.

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[1] Commodities being such staples as grains, cotton, peanuts, tung oil, tobacco, turpentine and mohair.

The system works by what noted agricultural economist Marion Clawson has called the "trinity" of price supports, surplus storage, and production control. That is, the government maintains an artificially high price by buying up extra production and putting it into storage. The surplusses are then either given away to the poor, or dumped abroad at artificially low prices. Meanwhile, since raising the prices inevitably stimulates further increases in production, the government makes farmers reduce the acreage they have in use, in many cases actually paying them to do so.

Most of the price support programs were initiated in the 1930's ostensibly to raise the income of overproduction-plagued farmers, and to increase farmers' returns on their labor which, as described above, were disproportionately low compared to returns on land and equipment.

How have the programs succeeded? First, they have in fact raised *average* farm income, but as increasingly vocal farm critics point out, since the subsidies come in proportion to production, the biggest producers get proportionately more. Not so obvious but more serious, the programs have even further decreased the farmer's returns on his labor in proportion to the returns on his capital. That is, tying price supports to production rather than to individuals (as would a welfare program) automatically enhances the means of production, particuarly the land. When the government then further restricts the supply of land, the value of land goes up that much more. In effect, then, the programs discriminate in favor of those large operators who have plenty of capital, (that is, land and equipment), and against the small operators and farm workers who have plenty of labor but little or no capital.

Marketing orders

In addition to directly supporting the commodities, the federal and state governments allow growers and processors of many fruits and vegetable products, as well as milk, honey and other products, to organize by majority vote into regional cartels, with the terms of the cartel enforced by state or federal "marketing orders". Many marketing order provisions are fairly innocuous, such as standardization of packaging, research, and collective advertising. However, provisions of marketing orders restricting output to drive up prices have seriously harmed small producers and processors for the same reasons as the price support programs. Even worse, marketing orders allow large powerful cooperatives like Sunkist to control and squeeze out their competition.

Other programs

The USDA also has a "surplus removal" program for all crops under Section 32 of the Agricultural Act of 1935. "Section 32" programs, as a USDA handbook proclaims, are funded "without need for annual Congressional approval and appropriations by 30% of annual duties collected on imports." Then there are a number of "conservation" programs designed to increase the productivity of the land, for example, by subsidizing certain important inputs like limestone—at the same time other programs try to limit total production. Under these circumstances, programs to increase productivity benefit those with abundant land at the expense of those without.

THE WATER SUBSIDY

Water law

Californians and denizens of other western states have long cherished the quaint notion that water should be a "free" good, or as close to free as possible. Since such an uneconomic philosphy would not leave enough water to go around, water is in fact allocated according to water "rights". The first individuals to use naturally occurring water on their land get a perpetual "right" to that water, a right they can sell or transfer only by selling or transferring the land.

By no mere coincidence, the first to grab water rights have traditionally been large operators,—because only the wealthy can afford to grab water and "hold" it long before they need it. For example, we learned of one large company in Barstow in the Mojave Desert which is pumping vast quantities of water from the underground Mojave River—and pumping it right back into the ground again. When progress ultimately comes to Barstow, this company will have established an immensely valuable right to the water of the Mojave.

But not only does the system of water rights discriminate against the poor in favor of the wealthy, it leads to enormously wasteful use of water. Because he pays nothing for his water, the holder of water rights feels no economic pressure to put it to best use. So he may well slosh seven acre-feet onto his cow pasture while his poorer neighbor's orange orchard wilts for lack of one acre-foot. This wastefulness creates artificial "water shortages" which can be alleviated only by the construction of massive irrigation projects.

Water projects

Enter the Bureau of Reclamation (with the Army Corps of Engineers not far behind). The Bureau was created in 1902 to build irrigation projects in the west in order to encourage families to homestead. The money the Bureau received from sale of the water was to go into a "revolving fund" which would then go to build more irrigation projects. Thus the Bureau would be completely self-supporting after the initial public investment.

Today, the fund has yet to "revolve"; we taxpayers continue to lay out millions annually for the Bureau's increasingly expensive ventures. While a prestigious parade of economists testifies that the Bureau's plumbing schemes are environmentally destructive and return but a few cents on every public dollar invested, Bureau "experts" continue to justify them with breathtaking disingenuousness. In particular, the southern chairmen of the Agriculture Committees have repeatedly and correctly charged the Bureau with aggravating overproduction of price-supported crops,—subsidizing huge California farmers to grow cotton at the cost of putting small Alabama farmers out of business. Bureau experts deny this, claiming that Reclamation farms do not contribute much to overproduction because only a small fraction of stored surplus cotton *physically* comes from Reclamation farms—although total cotton produced by these farms may exceed the total surplus.

Since the Bureau was established with the small homesteader in mind, Bureau water carries the condition that it be used on no more than 160 acres per individual; anyone with more than 160 acres per member of his family must sell off his excess acreage at pre-water prices. (The provision, it must be emphasized, limits only the amount of land an individual can *own*; he can rent as much more as he likes.) But the 160 acre limitation, logically designed to spread the federal bonanza to as many people as possible, we discovered frequently goes unenforced,—depriving small farmers of what might be their only chance to buy cheaply the land they need for expansion.

The California water project, or, the State of California emulates the Bureau

Unenforced or not, the 160 acre limitation sufficiently galled the large California landowners so that they initiated and supported the creation of the California State Water Project, which has no such restrictions. The economic justifications for this concrete white elephant bear no closed scrutiny than justifications for Bureau projects.

The California Water Project will subsidize full irrigation by 1990 of some 450,000 new acres on the west side of the San Joaquin valley, land most of which is now in the hands of about 75 huge landowners, such as J. G. Boswell (the #1 subsidy recipient), Southern Pacific, and Standard Oil. Much of this new land will go into cotton and high-value fruit and vegetable crops.

A couple of University of California agricultural economists, Gerald Dean and Gordon King, have calculated that the resulting overproduction of these crops will cause at a very conservative estimate price drops ranging from 2.6%-3.5% for oranges to 42%-83.9% for early spring potatoes. The result will be disaster for all concerned,—but you can be sure that the long-run survivors will be the big guys on the west side. (The state water planners had of course added up the present value of the projected increased production and counted it among the "benefits" of the project.)

THE RESEARCH SUBSIDY

In 1967, the University of California's State Experiment Station spent better than $25 million on research, $17 million of it state money, $7 million federal money, but less than $1.5 million from agribusiness. Yet this university research goes almost exclusively to serving the practical needs of agribusiness, solving agricultural problems a la carte upon the advice of a committee of growers. Big growers at that, for the university prides itself on serving only the "best" farmers, rather than the small "inefficient" ones—although it was precisely these farmers the university programs were originally established to benefit.

The research goes towards increasing productivity, naturally, as if the principal problem with American agriculture today were not overproduction. And, especially since the organization of farmworkers began, the bulk of the effort has gone into mechanization. Take the tomato harvester, for example.

This machine and its matching leather-skinned tomato are the products of over 10 years research and $1.3 million Federal and State money on the University of California's Davis campus. The machine has proved so profitable to the tomato industry that, according to the calculations of two Berkeley economists, David Sekler and Andrew Schmitz, the industry could have paid the displaced tomato pickers full compensation for the loss of their jobs and still come out ahead. Of course, no such compensation was paid, therefore, according to Sekler and Schmitz, "it cannot be concluded that society as a whole has benefitted from the invention of the tomato harvester."

Most people would consider it the job of their Government to increase employment, not decrease it—imagine the furor should the Federal Government grant General Motors money and skilled engineers to develop machinery that would eliminate auto workers.

THE LABOR SUBSIDY

The subcommittee exists precisely because the plight of farm labor requires special attention. For example, a 1965 State study showed California's estimated 490,000 professional farmworkers had a median income from farm work of $763, and a median income from all work of $1,388. Farmworkers have neither Federal nor State unemployment insurance, although this study showed 41 percent unemployed for 27 weeks a year or more.

California farmworkers have theoretically been eligible for State disability insurance since 1969, but due to ignorance and official hostility, rarely get their payments. For example, farmworkers made only 692 claims in 1967 (little more than one per thousand farmworkers) though a Califorina State Public Health Service study found about 250 cases per thousand of pesticide injuries alone. But the noninclusion of farmworkers in programs covering other workers is only a small part of the story.

A bigger part of the story is a curious form of "foreign aid," chiefly to Mexico. American growers collaborating with officials of the U.S. Border Patrol in a clear violation of U.S. immigration law, bring into the country the poorest of Mexico's poor, to work for them under the most miserable wages and conditions. Unlike other forms of foreign aid, American taxpayers do not pay directly for this one; rather, the poorest of America's poor, American farm laborers pay—with their jobs, their health, and the education and opportunities of their children. City dwellers also pay, since the starvation wages the big grower down the road gives his Mexican employees determines the value of his own labor.

As I am sure the subcommittee is aware, one way the Border Patrol carries out this foreign aid program is by issuing so-called "greencards." Theoretically, these are passes allowing "a returning resident immigrant * * * returning from a temporary visit abroad" to reenter the country; in practice, greencards amount to a permanent work permit for any foreigner who has at any time applied for an immigrant visa, regardless of whether he ever actually immigrates. An estimated 60,000 "greencarders" live in Mexico and every day or every harvest season commute across the border to work in California.

Then there are the illegal entrants, or "wetbacks;" estimates for the 1970 harvest season in California put their number at better than 300,000 and climbing. Many of them wade across the Rio Grande past the understaffed Border Patrol, or are brought in by labor contractors working for the large growers. Other slip in quite legally through another artificial loophole in the immigration law. The latter are the "bluecarders," individuals who have obtained 72-hour visiting permits or "bluecards" to go see relatives on the other side of the border. The Border Patrol does not mark the date on the card nor fingerprint the recipient, so the "bluecarder" can freely commute to work across the border. Of, if he wishes to work further north, he simply mails his card back to Mexico, so it cannot be taken from him if he is caught. Some legal efforts to make growers liable for knowingly employing illegal entrants will shortly go before the Supreme Court.

Another institution I am sure is familiar to you is the Farm Labor Service. As part of the Wagner-Peyser Act of 1933, "the first employee bill of rights," Congress established the 100% federally funded, federally regulated, state-operated farm labor offices "to ensure insofar as practicable that workers are placed on jobs which utilize their highest skills." In 1969, the California Farm Labor Service had a budget of $3.5 million.

The California Farm Labor Service has been repeatedly rocked by scandal as its officials were discovered taking bribes from growers for padding their job placement figures. Meanwhile, the Service has come under court attack for violating all the conditions of its charter, sending farm workers to jobs paying less than the minimum wage, or to jobs that had already been filled, or to jobs violating state and federal health standards, and so forth.

According to former Mayor of Hollister, Calif., Frank Valenzuela, the Service is a "grower-oriented, grower-dominated, and grower-staffed operation." Although it makes less than ten percent of California farm work placements, it provides a subsidy to all growers, since they know that no matter how inadequate the wages and conditions they offer, they can always resort to the Service.

The same charges can be levelled at a number of California welfare departments, which routinely throw all vaguely able-bodied welfare recipients off welfare during the harvest season whether farm work is actually available or not. For example a month ago in California, a judge ordered a local welfare department to return some women to the rolls, citing the case of one unfortunate unemployed Aerospace worker who had taken the bus to the fields on three successive days, and found work only one day—on which he earned a total of two dollars.

Examples of officially committed or condoned maltreatment of or discrimination against farm workers all over the state can be multiplied endlessly; I would refer anyone to the mountains of affidavits collected by the California Rural Legal Assistance. Public officials have also gone to great and frequently illegal lengths to hamper unionizing efforts Of course, there is no conspiracy here, the community of interest between public officials and the more powerful growers makes conspiracy unnecessary,—but the result is the same: the systematic deprivation of farm worker's rights, to the detriment not only of the farmworkers themselves, but of the poorer growers, and indeed of the city dwellers too who now suffer the effects of the forced migration from the land.

THE CALIFORNIA STATE BOARD OF AGRICULTURE

A final note: what about the State Board of Agriculture, the supreme arbiters of agricultural policy in the state, who should theoretically represent the majority of farmers, that is, small farmers? Two of the thirteen members of the State Board are agricultural academics. The other eleven include such individuals as the former president of the California Cattleman's Association, the president of Fresh Pict Foods, Inc., the co-owner and manager of the Ventura Pacific Company of Montalvo (a lemon packing and shipping firm) and so forth.

President of the Board is Allan Grant, also a member of the Board of Regents of the University of California, and more important, in his eighth year as president of the California Farm Bureau Federaton. For the uninitiated, the Farm Bureau Federation, an organization of large farmers, was until recent years one of the most powerful lobbies in the country, and the architect of much of U.S. farm policy. In particular, during the long years in which it was actually an official part of the land grant colleges, the Farm Bureau directed what the Wall Street Journal has called the "tax-paid clinic for a major industry," namely the research bonanza for agribusiness. Mr. Grant personally lead the counter attack on the farm union movement, with a thoroughness that culminated in the publication and energetic promotion of a grape cookbook.

Land Reform – I

The Great American Land Grab

by Peter Barnes

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pp. 132-137 deleted

Land Reform – II

The Vanishing Small Farmer

by Peter Barnes

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Land Reform in America – III

The Case for Redistribution

by Peter Barnes

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pp 143-145 deleted

Senator STEVENSON. Mr. Navarro and Mr. Santana, we are very grateful to you for joining us this morning. I know that Senator Hughes also is very interested to hear you discuss your successes and your difficulties in this very unique venture in American agriculture. Thank you for joining us.

STATEMENT OF ALFRED NAVARRO, EXECUTIVE DIRECTOR, COOPERATIVE CAMPESINA OF THE CENTRAL COAST COUNTIES DEVELOPMENT CORP., APTOS, CALIF.; ACCOMPANIED BY MANUEL SANTANA, BOARD OF DIRECTORS, COOPERATIVE CAMPESINA OF THE CENTRAL COAST COUNTIES DEVELOPMENT CORP.

Mr. NAVARRO. Thank you. I would also like to thank you for inviting us. I hope you can benefit. I first want to read an introductory statement which we have prepared which I believe will set the stage for a good analysis of the situation.

(The information referred to follows:)

TESTIMONY BEFORE THE SENATE
ON MIGRATORY LABOR

by

CENTRAL COAST COUNTIES DEVELOPMENT CORPORATION
ALFRED NAVARRO, DIRECTOR
SEPTEMBER 21, 1971

My testimony will deal with rural and primarily agricultural regions of the United States.

My primary concern will be a discussion of Federal programs whose primary thrust has been economic development in the urban and industrial areas. There are many among us who firmly believe that this almost total commitment by the Federal Government to urban and industrial areas has now become "counter-productive" in terms of the migration of rural workers into the cities, thus diluting the impact of economic development programs in the cities.

The gist of Federal programs in the rural area is centered around the concept of retraining farm workers, who have been displaced by mechanization, towards industrial and service industries. These training programs have not lived up to their full expected potential. We must, therefore, reassess our concepts of economic development in the rural areas.

Small enterprise, manufacturing and service oriented businesses are not of sufficient impact to significantly make an inroad into the high number of people displaced by agricultural mechanization.

Bringing large industry into rural communities as a solution for agricultural human displacement has not clearly dealt with the obvious problem of over production faced by industry.

Many rural communities have vied with each other to attract industry to bolster their economy. The classic inducements have been lower tax rates and a large available labor market. The large and available labor market can be historically redefined as a large and available cheap labor pool. However, wages significantly lower than those prevailing in urban areas do not solve the problem of rural communities. In order to locate manufacturing industries in rural agricultural communities it also becomes necessary to provide essential services, such as industrial waste disposal, roads for transportation, housing, increased school loads, etc. Thus significantly lowering the benefits because of the costs of these services by increasing the tax loads on the citizens.

We question the concept that the increased benefit to the worker will be enough to offset the problems that are created by large industries in rural communities. In effect, what happens is the transplanting of urban problems to rural communities.

Industry, goods and agriculture have become extremely sophisticated, requiring less but more highly trained technicians and managers. Agricultural and non-agricultural corporations have, up to now, been the only structures with the capital to pay for these highly sophisticated human resources. The small farmer and farm workers are consequently being displaced from the small farms. Those who stay in the rural area are faced with an environment -- physical, social and political -- that he does not create or participate in. He is losing and will lose all control of the social and political determination that is the basic construct of our Constitution -- the right to the pursuit of "significant" happiness.

Our conclusion was that farm workers can better be helped to achieve economic security through their farming skills rather than retraining in industrial skills.

Our solution has been to provide resources that up to now have been the domain of large corporate bodies.

I would like to address myself to what we consider an alternative to the migrant problem and the plight and needs of the small farm, as indicated in our introductory remarks.

Mr. **Navarro**. I would like to address myself and would like to discuss what we consider an alternative to the migrants problem and the plight and needs of the smaller farmers.

What we are basically interested in is the development of resources. We analyzed the resources of the area, the resources of the farmworker, and set about to determine objectives that will be utilizing those resources to the maximum.

To begin with, I would like to give a little bit of a background to our structure or our organization. Our name is Cooperative Campesina of the Central Coast Counties Development Corp. It is a community economic development or community development organization in the central coast county region of California.

As can be expected, it is a large agricultural region. Its major industry of that area is agriculture. I suppose the second industrial factor would be the services needed to support the population in government in private sectors. The corporation was originally formed for community development purposes. The board of directors organized themselves into a corporation with the feeling that at that time the present programs were not sufficiently meeting or solving the problems, only investing the problems and rehashing the problems. They felt that a more direct effort was necessary.

They analyzed various aspects of community developments and determined that economic development was a necessary step for direct impact on low income people. In this particular case the corporation was concerned with the farmworker as a person.

The corporation set about to develop a plan. The first need was, in their opinion, resources. They needed resources to analyze the problem thoroughly in terms of economic development. They asked the Department of Commerce, in the Economic Development Administration, for technical assistance. The corporation was granted a contract 18 months ago for technical assistance in order to purchase the resources that were necessary.

Basically what it did was it provided staff to develop the projects and develop the resources.

The first job of the staff, which was my responsibility, was to determine the resources that were available, to determine the resources which could be utilized, and set about a plan to meet the effect of it, which was economic development for farmers.

In doing this we came to the conclusion that the farmworker had his biggest resource in his ability and his knowledge of agriculture. In terms of the area of the community we determined and concluded that its biggest resource was agriculture. We looked at the various aspects of development of programs that would attack these resources. Through a series of investigations the board of directors concluded that a possible solution would be developing the skills of the farmworkers into possibly going into farming, a transition which was easily accomplished, in their estimation. At that time there were also farmworkers who felt that they might possibly find some solutions to their problems by going into farming. They analyzed that it was possible for them to do it.

They had seen other small farmers farm and they thought they had skills. What we accomplished in a sense was the development of a model which we felt at that time would determine whether it was possible or not. We had decided to work with the farmers as they came to us, see what we could do in terms of bringing more resources that were needed and that were lacking basically in the areas of management and capital. Land we felt was a function of capital in terms of the type of farming which we were looking into.

Our preliminary investigations concluded that high intensity labor crop situations could be a possibility to enter into. We also felt that we would have to deal with a crop that was basically high intensive on a per acreage basis in terms of production. That is having land available or not have land available requires us to use that factor and farm products which require less land, these are high intensity production crops such as strawberries, various fruits and vegetables.

Our first model that we developed was that a farmworker has sufficient skills and labor with his family to be able to produce a quantity of products. We experimented with zucchini squash. It was a crop that required relatively little capital as an investment. It can be farmed on a relatively fair or poor land, if necessary. It was high in labor intensitive and produced higher revenues per acre.

It produced also another criteria which was needed at that time and that was a quick turnover or a quick cash flow. The model which we set up was that the farmworkers would become farmers and each one responsible for a parcel. A private nonprofit corporation separate from the cooperative structure would lease the land and sublease to each of the families. Thus each family being an entity which qualified it which was most advantageous to pursue in terms of tax limitations, et cetera.

Using this model we rented 6 acres of land, assigned the various parcels to the families. The families in that particular case who wanted to develop the model themselves or who wanted to pursue it, they raised $500 per family from their own pockets. They were low-income farmworkers with an average income of $4,000 to $5,000 with large families.

The experiment continued and it was developed and it was concluded that it was possible. They set upon to first of all establish credibility as farmers. They wanted to test the model to see if it was possible for them to farm as individual parcels and yet certain functions would be on a cooperative basis, such as management, credit, equipment.

The function of the production or harvesting is a single entity function of each family. This is the basic model which we developed. The cash flow came in, paid off the initial investment the farmworkers had gathered which was basically borrowed money from their relatives and friends, the costs were recovered and the income was distributed based on each individual production in terms of his parcel.

This model also gave us time to research various other crops that were necessary. We felt that one of the first questions to be answered was the size that was necessary to enter the market or the industry. This had to take place. It required quite a bit of marketing investigations and research.

For this purpose we went to the university at Berkeley graduate school of business. We managed to obtain the services of two graduate students to develop the marketing thesis from this investigation.

We felt that strawberries in this case was an ideal crop for the project. We felt the model we developed was the first stage of research. The second stage would be actually implementing a larger based cooperative; strawberries were selected because of the characteristics mentioned before that were necessary.

An example of that would be in terms of 1 acre of production strawberries, you can produce about 3,000 cartons per acre at an average price the last 3 years of $2.80 You can see an almost $9,000 gross revenue per acre on strawberries. We determine that with 3 acres of land one family entity could probably farm that parcel which is in effect a revenue of $27,000 for a 3-acre farm, the 3-acre farm which the family owned the entity in terms of the lease he had, in terms of the equity he had in the cooperative structure.

While the zucchini squash project was being undertaken we investigated the marketing potential of strawberries. We also documented the effect or the success of the model in terms of the organizational problems. We also analyzed the factors of the capital or the needed capital that was going to be sought for this project. At that time the Farmers Home Administration was administering an economic opportunity program for cooperatives and for individuals.

We obtained the guidelines for the Farmers Home Administration program and developed the model basically or developed the proposal that we were working on basically after those guidelines.

We felt that this would be a program which was available, not operating in California, and we thought in order to obtain those funds and make it operable in California we would have to develop a practice that did not lack any of the criteria the guidelines called for. This was also done during this stage of development. We concluded from this part of the analysis that the feasibility of the project, the impact on the farmworkers, and the opportunity for success in terms of competition were excellent.

With strawberries it was very possible. We concluded that the size would be 80 acres as a minimum to enter into the industry. For 80 acres it required approximately $3,000 of investment. We needed a quarter of a million dollars for the second stage of development. We applied the Farmers Home Administration and they informed us that the program was not operable in California and that the resources of that program were coming to an end and that probably the program would be stopped, therefore they would probably not make any more loans.

With this in mind we approached the Office of Economic Opportunity in San Francisco. We determined that it would be good if they would participate, it would be necessary because of the 100-percent capitalization we were looking for of a quarter million dollars. We also determined that it would be good to utilize the resources of the private sector.

In this case in our analysis we approached several banks, in fact it was six major banks in California, who gave agricultural mortgage loans or crop loans. We managed to have a preliminary commitment from OEO in terms of a criterion; that is, that we would get also the private sector to participate. Working with both in hand, we managed to convince each of the agencies, in this case it was Wells Fargo Bank and the Office of Economic Opportunity, to participate together on this project. OEO made a grant of $100,000 to the nonprofit corporation, Cooperative Campesina of the Central Coast Counties Development Corp., to be utilized as a revolving fund to be loaned to the cooperative.

At that time the cooperative was incorporated. The Wells Fargo Bank came through with a commitment of $150,000. The actual line of credit was $200,000. With this $200,000 the word then was "go" in terms of capital. We leased land; subleased to farmers. The cooperative then took the function of credit.

They purchased equipment, supplies, plants, et cetera. The project then was on its way. In the meantime we also felt that because strawberries is a long-term crop, it takes approximately a year to get credit and to establish the ground or to establish the plants in the ground, the actual cash flow could not begin until the following year.

We felt that an intermediary crop was needed and again we went to squash on a larger basis, this time 30 acres. We actually had two 30-acre parcels. We rotated by planting the first 30 acres; waited, the crop came in. We planted the second 30-acres and when the first harvest was over, the second was ready to begin. This was an immediate cash flow; it takes about 60 days for squash to come in. So what in effect we have is two products on a continuing basis in order to develop this total package for the program.

In the meantime the strawberries were planted in the ground and as of now the strawberries are planted, the first two harvest of squash are completed and on the first parcel we now have planted cabbage which will be farmed on the farm in Watsonville.

It is possible to farm cabbage and produce it in the winter time. The main factors are the rains which are heavy at that time and require extra effort because of the rains to harvest the crop. This also gave another factor and that was a cash flow in the winter time. I have gone into detail on the project so you could understand the types of factors that we had to analyze and the types of factors that I think should be considered in the total project. We feel that we have a solution to one of the problems of farmworkers and that is, that their skills are not fully utilized as laborers.

We have managed to combine resources, rechannel the returns of those resources for the maximum impact on the laborer, which is in this case also the owner of the entity. So that after all costs are taken from total revenues or total profits, gross profits are returned to the families as farm income which pays for basically their labor and the work they put into it and the risk factors.

I would like to now turn over to my colleague Manuel Santana, who is the chairman of the board of the corporation. He would like to discuss the impact, and especially, in terms of the total agricultural industry of what our project has done or what we expect the project can do.

Mr. SANTANA. Essentially, I think that we have historically a very romantic idea of land. We think that a man wants a little piece of land that will let him be happy and he will fullfil himself. But we know one thing for sure, is that like everything else in our society we have to contend with what we call an acceleration factor.

The farmworker right now is a hundred years behind the times in terms of sophistication and in terms of technology and in terms of having resources that will catch him up to a point where he determines his own life. Our primary goal is not so much agriculture and the farmworker but rather to deal with that acceleration factor, to bring him up to where modern society is now. In order to do it we must provide highly sophisticated resources that up to now have been the primary prerogative of those who have paid for it.

The farmworker by utilizing his skills begins to get a better concept of himself. In the communities in which we live, and I have to speak primarily for myself as a Mexican American, we find out that we have no political power, we have not solution power or social determination of our environment, very simply because we don't have economic power. It is said all you have to do is exercise your vote to be able to attend hearings of this nature, to attend commission meetings in our communities in which our lives are being determined. This is not so.

In most communities that I have experience with you may speak the same language, you may have the same educational background, but the fact that you are an individual and you are looked at not as an individual but rather as a group, if the group is not sophisticated you are not worth much.

The question of power is determined by how much ability you have to be able to pay for the democracy in which you live. Our essential goal was to begin with, to look over my community, the one in which I identified with, and generalizing from that I can begin to understand other communities, the black communities, the white poverty communities, and all of us follow the same symptom.

Most of us do not have sophistication simply because we don't have an educational background significant for our own particular needs and identities. We are Americans only in a legal sense and almost in an abstract sense.

It is a reality in our communities as such that we really are not truly citizens. If we become quite dramatic and a little bit cynical about it, then we say the only way we can get this freedom of self-determination is through economic poverty.

Considering the situation we are in, lack of education, lack of sophistication, it is almost impossible to say we are going to catch up in the next few years. To catch up would mean we would have to make some very, very radical changes in our society and those changes are usually in the world of commitment. I don't know what to expect from these hearings. I do know it takes a long, long time. But we don't have a long time.

The only thing we can do is use the jargon of modern society and try to keep the body count of our own people down to a level where we can sort of hope that we can catch up.

One of the things that I feel is a criticism of modern Federal programs is money is funded for these things, but they turn out to be more of a verbal and written commitment than they are real.

In order to solve the poverty situations we can't have poverty programs. Poverty programs are negative to begin with. What we have to have is the kind of money and resources that pays for highly sophisticated management and that management is to translate the goals of the people who need it the most, the poverty people.

We can set up a cooperative of farmworkers but unless an agronomist is tied to it, unless we can have an economist, unless we can have a marketing expert, unless they have the full resources of the university on par with the services that are given to the large corporations, it will never succeed, it is doomed to failure.

We feel we are creating a model but that model has to take into consideration the need for sophistication that is apparent in the modern society. We are not trying to be romantics about it. We know it is a very, very difficult job.

A lot of people have come to us to ask us to help them set up a co-op. We discourage most of them because we feel that up to now there isn't enough money available to give them the skills necessary for them to succeed.

I think we have been extremely fortunate in having board members and a staff that is sensitive to the now of the world we live in. We have worked extremely hard to provide the sophistication necessary for this small project to succeed up to this point.

In order for this program to have any kind of stability, any kind of success in the future, it will require multiples of the same kind of energy and many more multiples of the amount of money that has been put into it.

We originally funded the $54,000 by the Federal Government to provide technical assistance for five counties which is absolutely ridiculous and absurd considering the problems we have in terms of migrant labor and in terms of agriculture.

It is impossible to just do it with farming especially with our own people. What is the use of feeding his stomach when the air is polluted around him, when the social amenities, housing, decent education, are not being provided at the same time.

So all I can hope for is from these hearings that a true commitment comes out of these Federal programs and let's put the money where it really counts. Not as a sop to diffuse the cities and not as a sop to diffuse the social conditions in the rural areas, but for genuine evolving changes which are significant.

I think a lot of people have already lost faith in the question of a normal possible evolvement. Instead of evolution they have no chance but revolution. It is very simply because the doors of communication are closed.

We say that we communicate but we don't communicate. Our interests are different. We assume that power, economic power and self-determination are guaranteed. Again, I say we have no romantic ideas of what we are trying to do, all we know is we are trying to keep the attrition rate down among our own people.

When we talk about the migrant worker, the migrant worker is a migrant worker simply because he has no management skills, he has been left under society long enough so he has no input into that society.

He has to follow peak crops, the crops peak out at different times. In order for him to extend a maximum employment period he has to travel geographically all over the place. Until the time comes that we can provide the kind of skills and expertise to be able to completely fulfill the work, his problem will not be solved.

What we want and need in a rural community is a stable community, a community in which every member of that community, including the farmworkers, participate in that policymaking that determines his social and human evolvement.

Essentially that is all I have to say. I say this as a board member. I am not a technician. I don't have those kind of skills, but I do know that perhaps the only skills I could have is to set goals according to the needs of the people who talk to me and the people I identify with and I hope the Federal Government will begin to do the same.

Senator **Stevenson**. I want to thank you both and commend you, too, for your statements and for what you have done.

You heard Mrs. Roberts speak convincingly of the discriminatory effect of many public policies, discrimination against the poor, against the little fellow, but you have identified your own resources and taken advantage of public policies and programs and made great success of your idea.

As I listen to you, it strikes me that what you feel is most needed for the farmworkers are skills—management skills. You spoke of needing money for skills and you also put a rhetorical question to us that you don't know what to expect of these hearings.

What would you like to come of these hearings? How can, for example, the Congress make skills available? I have been asked that question by people in the ghetto. They speak too, of their needs and eloquently of the need for management skills.

I am not sure whether the skills that you are talking about can be bought. I am not sure that there are enough of these skills to go around. How would you like to see the Congress respond to this need for what you call management skills?

Mr. **Santana**. I would like to address myself to the first part. Our greatest difficulty is not the availability of skills but rather the money to pay for them. In order to provide some kind of permanence to this project, you have to have an economist, an agronomist, we have to have a marketing expert. That is a pretty high package, already we are talking about $100,000 in administration.

Senator **Stevenson**. Do you have those skills now?

Mr. **Santana**. We have them but they are all in one or two people and Mr. Navarro has to be babysitter and teacher, agronomist and economist, and community organizer, secretary, typist, and many other things like that.

We have to put together voluntary help, which is all right, but it certainly does not allow for any kind of permanent management structure. Again, I say it doesn't really make any difference where the skills come from as long as it is skillful.

It is no use getting a Vista volunteer or Job Corps volunteer man, people with good intentions, but few skills. Because we get them free we pay a high price and like I say, the essential problem is to be able to get that kind of skill that a large corporation insures its success with.

What we are trying to do is give that sophistication to the farmworker so that he can stabilize himself and not be a migrant. By having those skills and working with those skills and with people with those skills she begins to be in an environment in which his insight will grow much more into our society.

We have noticed that with the fieldworkers that we started out with most of them don't speak too much English, even though most of them are citizens. We notice quite a change in them in 1 year.

First they treat us with quite a bit of deference. As they began to learn that they were capable of using these resources, to call for those resources that were needed, they began to evolve and have a much better insight into what they are doing, also the implications of what they are doing and they now have much more price and are beginning to participate in the community much more aggressively, much more positively.

In terms of legislation and in terms of the responsibility of the Federal Government, I don't know how you can legislate commitment. You can legislate the words, but to make them meaningful I think would require the individual representatives to somehow or other make the legislation that is now real and genuine by making sure that these opportunities are used by the communities around them.

Mr. NAVARRO. I think also you should gain back the confidence of agriculture. In order to utilize skills you have to have the resources to apply the skills or a resource to really channel the resource available.

In terms of agriculture, we feel that there are enough resources, there are enough revenues to be created and probably redistributed to great projects that do have impact on farmworkers.

Creating the project alone is not enough. You must be able to have the resources of the skills to channel the resources for growth and to provide the full services the communities need. An example of that is once you have the cooperative at the stage and level where we are now the next qustion is how do you grow, how do you expand that.

After that is taken care of how do you have it a full impact program? How do you utilize those resources to solve some of their housing problems, some of their medical problems, et cetera?

It is a matter of, I think, rechanneling the resources for optimum use on impact. An example, with our projects we use information from Davis in terms of crop reports. A lot of money has been spent which largely goes to large growers, in the case eventually to the farmworkers.

We use the Berkeley Graduate School of Business. We used the Department of Labor in the first stage of development in terms of an operation program which is basically a stipend program for the unemployed to originally train some of the original members.

We used the Agriculture Extension Service and we are using them now to come out and inspect the various stages of development of production. We use the Stanford School of Business in terms of further research for the future, especially, and some on small business projects we have undertaken.

Again, getting back to agriculture, I think what is wrong and what has been wrong is that these resources have not been channeled properly. We talked about mechanization and the fact that a lot of money has been spent on mechanization, tremendous amounts, and how much research was spent on the human element or the result of those technology improvements.

Another possibility I feel then through mechanization is to rechannel that research to optimize mechanization for the farmworker. One possibility is that those farmworkers who are displaced by those machines, again given the proper resources, can own those machines and operate those machines.

Another example of the research possibility that may be rechanneled, and this is where skills come in, with the human orientation is to develop crops, for instances, and we talked to Davis about this and they have agreed to the concept of the necessity, to develop crops not that can be produced more economically at the expense of quality or taste to the consumer, but a crop that will take advantage of the skills of the farmworkers.

In normal situations we can develop a high-quality crop, you can develop a crop as a result of the resources that are distributed back to the farmworker, the one who originally farms the land.

I think another premise is those who are in charge of production, those who make it a life of producing the crops should receive more of these resources and this is what our cooperative has in mind to expand to utilize the resources we feel are available and thereby vertically integrating this cooperative and the expansion plan to take advantage of present policy, to take advantage of present programs.

This is the kind of management we are referring to, specifically, in terms of the skills that are necessary.

Senator STEVENSON. How many acres will the cooperative be farming next year?

Mr. NAVARRO. The cooperative has presently 165 acres. Eighty acres are in strawberries and the rest is in various other cash crops.

The 80 acres of strawberries in the first year of production, strawberries are 2-year producing crops, the first year produces revenues of $650,000 to $700,000. Approximately half of that is expense, costs going into the various areas of production, the other half then is represented as farm income which is then distributed among the 25 or 30 families that we have.

Senator STEVENSON. When you say "expense," does that include labor costs?

Mr. NAVARRO. No; that does not include the labor supplied by the farmers.

Senator STEVENSON. Everything except labor costs. So the costs before labor costs for just 80 acres of strawberries would be what?

Mr. NAVARRO. The first year, based on this, $600,000 to $700,000 are the gross revenues as a result of the sale of the crop. Approximately half of that, or $350,000, are costs of production. The remaining $350,000 then is rechanneled back as farm income.

The farm income then is the income earned as a result of the labor they have invested. So therefore, each family approximately will be making $8,000 to $10,000 next year with about a $2,000 net equity in the cooperative.

An example of that is the cooperative in order to establish the 80 acres requires about $80,000 worth of equipment. That equipment is part of the cash flow that the bank is supplying, so therefore, we pay for it the first year.

This is the equity or some of the equity that we retain in the cooperative.

Senator STEVENSON. Do those cost figures include your debt service? You are talking about the money that is available after the income has been taken out for the farmworkers, but is that after debt service?

Mr. NAVARRO. Yes; it does. The Cooperative in a sense obtains credit from the bank, it extends this credit to each of the members so that each of the members then can farm and produce and pay for these supplies, use it in advance for payment.

The revenues then go back to the bank and when the debt is paid for then the rest of the earnings go back to the farmers. It is all worked out on a cash-flow basis.

Senator Stevenson. It sounds to me, with your skills and all of the resources that you have identified, like your are making some very rapid economic progress. The farmworkers are building up an equity in the Cooperative, the income appears to be going up, I don't know how long it will take to discharge that debt, but at that point, if not before, money now being invested in land could be invested in mechanization, in equipment as well as perhaps more land.

At some point I suppose it could be invested in more of the assistance that you were discussing. Management skills can be bought and paid for, so that you will be standing on our own two feet in the marketplace.

Now, it seems to me that what really makes this unique is that the skills were there in the beginning. You and your colleagues gathered together and had the good judgment to identify these skills, these resources, and you also have the talent to put this whole project together.

It sounds to me from your own experience is what the Government ought to become very much interested in doing is assuring that the skills which you and others were able to bring to bear here in the early stages are brought to bear in other such projects.

After a period of time presumably you stand on your own two feet and if the skills are still needed they can be bought in the marketplace just as other enterprises acquire skills.

Is that a fair statement?

Mr. Navarro. I would say so, especially in the context of two things. The first one is that as well as doing what we did or as well as these points we mentioned, you consider the fact that there is a demand or in terms of the consumer needs this aspect, the industry required I think needs this type of structure.

It is not a structure that is unnecessary, it is a structure which is very necessary. An example of that is that in terms of strawberries, and many of these other crops, there are three factors that are very important—climate, labor, and marketing.

The research that we have developed through the use of the available resources has the climate and it has the labor. Marketing is a functioning of size and through its development it will gain a good hold in the marketplace.

Corporate farming for large farmers are having difficulty in the labor aspect. It is not just a matter of price of labor, it is a matter of availability of labor and the control of labor. If you can imagine a 400-acre ranch for example of strawberries requires some 700 or more workers at certain periods at one time.

That is a tremendous amount of coordination required, a tremendous amount of management. The resources that we have then makes that more efficient by making smaller the size of the production unit, thereby having quality that cannot be achieved the other way.

It also then is a tremendous motivation because that economic production unit is working for itself. Now, the second point we should think about, I see, is that in terms of expansion this structure that we have developed—and I think that other forms of this structure have to be looked into—can supply better services to the community.

What it has done in effect is it has rechanneled the resources to those who are producing. Those who are producing are community people.

They live in that community, they are responsible to that community and that community is responsible to them.

By having the total resources rechanneled to them they can retain control of their community. In the corporate farm situation, stockholders in New York or Detroit, whatever, control the production.

What you have is in a sense absentee landowners in terms of production on the farms. I think this is part of the plight of rural cities, it is that those who are producing are not in control of the resources, somebody else is.

People who control the resources are the people who make the decisions that have impact on the communities and on the lives of the people involved. Those are two aspects which must be kept in mind.

It is not just an economic product; in other words, it is a project that has much more implications than that. It is a project, I think, that where at this time we are working on, that is historically possible. I don't think it would be possible at any other time.

I think that agriculture is changing, going into corporate farming, and yet corporate farming or large farming has many deficiencies and this is a solution to that fact. It is a solution, I think, but we still do not yet know the true impact.

Senator STEVENSON. Have you encountered any unfair competition, any unfair trade practices, or any discriminatory practices particularly in the marketing and processing and distributing parts of your business? Have you had difficulty marketing your produce?

Mr. NAVARRO. There are many difficulties faced and they are basically because as a result of the small control of the market. The small farmer has very little control; it is unfair because of competition necessarily, not necessarily because of the illegal or discriminatory practices.

An example of it—and I hope I am not too direct—but if you only have an acre of squash and somebody else has 800 acres of squash and you are farming with the same independent broker, he will sell the other guy's first for the best price and then finally whatever is left he will sell your product.

It is an extreme example, but it applies at the various levels. In terms of strawberries, the requirement is for 250 to 300 acres before you can produce enough revenues to cover your own brokerage costs; in other words, having your own broker working for you, your own broker mechanism.

It is a very complex situation and it requires close to $100,000 just for the brokerage in strawberries. The advantage is not necessarily in higher prices to the farmer, but it is that he has control. In other words, he utilizes his full resources to try to get the best price.

He does not have to deal with independent brokers who are also trying to get the best price for the other farmers.

In terms of pressures, and so forth, or discriminatory practices, the cooperative has faced, I think expected pressures, possibly some resentment due to the competitive effect, possibly due to some fears on the farm community that they will lose the market or they will enter the market and effect the market or they will take away the labor supply.

I think these are expected pressures that will get worse and I think we can cope with them because they are expected.

Senator STEVENSON. Senator Hughes, do you have questions?

Senator **Hughes**. I think, Mr. Chairman, that in the interest of time, I will pass.

Senator **Stevenson**. Let me ask you several more questions, although we are running out of time. Can you identify other crops that with this model you have created could produce a similar result?

Mr. **Navarro**. We believe there are several crops. We have proved even the relatively new producing crop of squash can, if the resources or revenues are properly distributed to cover your labor, it is very feasible to farm.

We are trying out cabbage and definitely in strawberries it is extremely advantageous. I believe that most crops can be done on this basis even to the point where utilizing the crops that have become mechanized if the farmworkers who do the labor own this mechanization process.

In other words, the level of sophistication needed for various crops has to be available to the farmers in this particular structure. It doesn't make any difference what the crop is. It is a matter of technology in terms of analysis of which crop, when to farm it and how to farm it.

An example is you can farm several crops per family, one family may be farming 1 acre of strawberries, 1 acre of squash, a half acre of tomatoes and possibly two greenhouses that produce in the winter time.

That combination may be the right combination to succeed economically. Basically, what we are after though, is the complete model as we said before, it is not just economic model.

Senator **Stevenson**. Has this model been put together in other parts of the country?

Mr. **Santana**. I think there is a danger of giving the impression that we feel that we have succeeded. I think what we are really struggling for right now is to create a model in which we can move forward.

For instance, Mr. Navarro mentioned the fact that strawberries do not justify added expense for marketing and so on and so forth until it reaches a level of 200 acres or more. In order to do 200 acres or more, we have to increase our staffs so much and we have to have control factors that we do need the financing for the skills necessary for that kind of expansion.

Our main preoccupatiton right now is to create a model that will do the job we want which will include the economic and the social development. So far we have taken the first steps, so far we see that it is quite possible, so far the things that we have put together have required little changes but those changes are significant so that it will require more work.

We, ourselves, feel that we have to create a model in our own community so that it will have a significant impact. To deal with 30 families is not enough. We have to deal with displacement of many thousands of families and farmers.

Mr. **Navarro**. I think also we should keep in mind that the work that we are trying to do is again, not just farming. I think the work we are trying to do is rechannel all resources available to the rural communities.

We feel that the farmworker has the capacities in various areas if properly assisted. One of the things that should be considered, I think, in this analysis is looking into more ways of utilizing the capacities.

It seems to me that I always ask myself why hasn't this been done before. Agriculture is a very ancient industry, why hasn't it been done before, why hasn't mechanization been looked at from the human element, why haven't resources been utilized to develop the kind of product we have done.

It is not a unique project; we have done nothing new. It is a direction of skills to acquired resources and within this context I think is what should be looked into more by Congress. For example, why can't economists at Davis tell me which crops are suitable for farmworker cooperatives. Why do we have to tell him? Why do we have to tell Davis how we have done it?

These are the kind of questions which should be looked into in further hearings as to what has happened.

Senator STEVENSON. Can you answer that question? Why can't they tell you?

Mr. NAVARRO. They don't know because they have not been directed to do so, they have been directed to produce machines that are more economical to corporate farms. They have been directed to produce crops which yield higher yields per acre even though quality is affected.

We suggest that they start developing research centers for crops that have a higher quality. The extreme points would be, of course, organic farming. Commercially it is still a long way off. But in this analysis they have not been directed to consider quality.

They have not been directed to consider the skills of the farmer. They have not been directed to consider the skills or actually the love of a farmer for farming. In effect, the trend is to consider farming a very poor industry or an industry that is only for those who can't do anything else as opposed to an industry which at one time had much pride in farmers and I think has been lost.

This is what is required. The resources have not been properly channeled. I think the same can be applied in terms of the rural America's most urban American. Most of the resources have been trying to solve the problems in urban America which I think have partly been caused by the outmigration from rural America.

I suggest that money be spent and it will be better invested in rural America and to stop this outmigration, if possible. I suggest you can get a better return for your investment in determining ways of employment in rural America that does not create the same problems of employment in urban America.

This is the type of thing, of conclusion which can be drawn from the structure we have even though our structure or work is a farmers' cooperative. We hope that it is not just considered a farmworkers' cooperative, we hope it is considered a project that will have total impact and will create internationally, if necessary, to possibly inspire people to create, to spend more energies in the creation of innovative methods of solving some of these problems.

Bascially I don't think the people have had the motivation. We hope we can do that with this project. There are many things which must still be looked into, in terms of farmworkers' skills, in terms of agriculture, in terms of urban-rural problems.

Senator STEVENSON. I want to thank you again. I wish we could continue this but we are running very short of time. Thank you very much, Mr. Navarro and Mr. Santana. Your experience encourages us and gives us ideas.

I hope that we can devise ways of helping other such models to spring up all across agricultural America. Thank you very much for going to such lengths to be with us today and I hope you remain in touch and continue to give us your experience.

Our next witness is Mr. Woodrow Ginsburg who is director of research and public policy of the Center for Community Change. We thank you very much for being here and waiting so long.

STATEMENT OF WOODROW GINSBURG, DIRECTOR OF RESEARCH AND PUBLIC POLICY, CENTER FOR COMMUNITY CHANGE

Mr. GINSBURG. Some of the comments were most worth hearing and I was glad I was around to listen and learn from some of the experience of the previous witnesses.

I have a statement here I would like to submit for the record, Mr. Chairman.

Senator STEVENSON. It will be entered in the record at the end of your testimony.

Mr. GINSBURG. We have had experience with many of the rural groups who are suffering from deprivation. I was interested in the previous witness's comments about investment in rural America and the migration to which I refer in my statement of some 800,000 persons a year who are leaving rural America does obviously bring in its wake many problems for America's major cities.

The problem has to be faced not only in the cities but also in the communities which the people have left. The job opportunities which have been decimated on the farm as a result of the remarkable mechanization and technological progress we have had, has enabled many, many fewer farmers to satisfy the food and fiber needs of this Nation.

I mentioned what those figures are—the output per man-hour has increased by some 300 percent in the postwar period of 1947 to 1970 and as a result the employment in agriculture has dropped from some 8 million to 3½ million.

This sharp rise in productivity is far greater than the comparable increase in such industries as manufacturing and the nonfarm sector generally, where in the same period in the postwar era, the productivity gained some 80 percent.

The number of farms obviously have declined sharply from 5.9 to 2.9 million in this postwar period and acreage per farm is now twice as great. This reflects, in part, the steady takeover of American farms by large corporations and also the change in the scale of farming brought about by the need for larger units to be efficient.

I would like to talk about the migration a little bit more. I mention it on page 2. The Government reports tracking the character of migration point out that the majority of the persons who have moved to urban areas are white, but a substantial number of blacks have also migrated, particularly from rural communities in the South to the large cities in the North and West.

More than 1 million of the approximately 1½ million blacks who left the South during the past decade alone have settled in the five large industrial States of New York, California, New Jersey, Illinois, and Michigan.

Now, for blacks, another major pressure for migration was discrimination. One authority points out that almost 1 million jobs in manufacturing were gained in the Southeast and South Central States during the decade of the fifties, but only 1 percent of such jobs were given to black males.

In other words, less than 10,000 jobs in a 10-year period in manufacturing were given to or were able to be obtained by black men in those Southern States. Clearly, the new job opportunities created in rural America were far too few to meet the needs of whites and blacks displaced by the mechanization on the farm plus those entering the work force.

Now, with jobs scarce in many large urban areas, recent migrants are forced on welfare. Those remaining behind are also suffering from the economic doldrums that beset our Nation and the long-term consequences of the basic structural shifts in the economy of rural America.

I want to call attention here to the fact that if H.R. 1 were passed, some 19 million persons living in families throughout the Nation would benefit from the provisions of that bill. More than 9 million of these 19 million are persons who live in nonmetropolitan areas. essentially rural and suburban areas away from the large metropolitan type areas.

While 35 percent of Americans live in small towns or on farms, some 46 percent of those benefiting from the passage of H.R. 1 reside in such communities, which is just another way of saying that the severity of the poverty is far greater in the nonmetropolitan areas in rural areas, however bad it is in the cities and the metropolitan sections.

Now, the answer to the poverty and deprivation of these millions is in finding a decent job and decent pay. For those who cannot find work or are unable to work, it is crucial that we have an adequate welfare program, and this ties in to much of the recent discussion we have had on welfare costs.

The pressure of higher welfare costs which migration has accentuated, particularly in those industrial States to which I referred, has led a number of States to impose residency requirements for welfare eligibility despite the fact that the Supreme Court has ruled that such measures are unconstitutional.

The implications of mechanization on the farm and the migration of population across State lines reinforced the fact that our labor market is national in scope and our welfare system should be also.

As a political aside, I know that it comes with poor grace, in the view of many of us, that some of the Southern States where mechanization on the farm in cotton, tobacco, and other industries has, in a sense, sent most of the migrants to the northern communities are the very States whose welfare provisions are poorest and whose legislators often act against programs to benefit the very people displaced.

H.R. 1 falls short of enabling people to live in decency and dignity. While its benefit of $2,400 for a family of four in some States like Mississippi far exceeds the current welfare benefit, that level is often not much more than 50 percent of the benefits provided welfare recipients in New York City.

Unlike the House-passed welfare bill of a year ago, which, as recommended by the President, prevented reduction of benefits, H.R. 1 permits such reductions.

Now, there is another glaring weakness of H.R. 1 to which I want to call particular attention because it has very, very significant implications for migratory workers in farm labor. That is a clause which ties the benefit level and actual eligibility to past earnings.

H.R. 1 provides that benefits be related to and determined by earnings during the prior three calendar quarters, not on the basis of current needs, which is certainly a fairer basis. Such a provision is particularly harsh for migratory and other seasonal workers.

A seasonal worker who is currently unemployed will receive smaller benefits because he had earnings, even at starvation levels, in the past 9 months. We would urge that the Senate act promptly to raise the benefit levels and remove the inequitable and restrictive provisions of H.R. 1.

We feel there is no sound moral, social, or economic basis for deferring the effective date of welfare reform as proposed by the President. In broad economic terms, desperately needed income for those on welfare will quickly be added to demand and in that way we can contribute an immediate stimulus to a seriously lagging economy and such a stimulus obviously would have important implications for the rural American as well in providing job opportunities generally.

In that connection, Mr. Chairman, I would like to point out that one of the major features of the President's economic package attacks investment credit. It was cited by the New York Times reporter yesterday as a credit seen as a spur to profits, not jobs.

This reporter points out that so many of the large corporations in America which will gain an immediate benefit of a tax credit will not expand their employment, at least within the very near few months, and, in the long run, improving the physical capacity of the company to produce by making it a more efficient company gives it a stronger posture in the domestic and rural market to be sure.

But in terms of providing jobs, many of the machines that may be purchased that otherwise would not be may in fact be labor-saving machines, and the net effect on employment for the next year may be a net gain of some 500,000 jobs.

To help industry with a credit of some $3 billion on just this one feature of the new economic plan and say to the people who are in poverty, be they on the farm or in the city, that welfare benefits for them must either stay the same or be reduced if their State cannot afford to bear the additional cost, is a distortion in our Nation's priorities; particularly since in terms of economic impact we do not see the vast repercussions of a tax credit and job producing that other expenditures, such as improved welfare, improved aid to cities, and increased standard deductions, or other tax relief measures, would have.

It was just a little aside that I could not help but note, particularly in view of the concentrated discussion these days on various ways to stimulate our economy.

Now, the plight of rural economy has its roots in the revolution in technology which has so profoundly affected America's agriculture. From a political standpoint, it is most unfortunate that neither the legislative nor executive branch of Government has intervened.

Rather, they have abdicated their responsibilities and allowed private interests to dominate the nature and pace of change in rural America. Where Government has played a role, its efforts have strengthened the very forces of agribusiness which have become much more powerful.

For example, a significant part of farm production derives from research at the land-grant colleges. Although the land-grant college system was created to be the people's university and to reach out to serve the various needs of a broad rural constituency, the system has in fact become the servant of agriculture's industrialized elite.

At least since World War II, the 69 land-grant colleges of this country have put their tax-supported resources almost solely into the industrialization of agriculture.

Here, I give some of the statistics which show the emphasis on specific research for fruits and vegetables and pesticides, and, like the previous witness, I want to make particular note of the very little energy and resources that are being devoted to what we would call people-oriented research.

I would also like to commend the chairman for entering into the September 10 record a transcript of the NBC television documentary on rural migration. I and several of my colleagues acted as consultants on that documentary, and in it there is another reference regarding the tobacco industry and how North Carolina State University has spent some 23 years in helping to develop a tobacco combine.

The university devoted over three-quarters of a million dollars of its land-grant operation for research on a piece of equipment which has as its ultimate aim, as the official at the university stated, to allow the farmer the means of handling some 20 acres of tobacco.

This is in an industry where technological change and mechanization on the farm have moved at such a pace that in the past 10 years some 300,000 persons have been forced to leave the tobacco industry and tobacco growing regions of the South, 177,000 from North Carolina alone.

It emphasizes that while land-grant colleges obviously play a very crucial role, their devotion of time and energy to problems faced by the people who are displaced is something far less than we feel it should be.

I make reference in my prepared statement to the U.S. Department of Agriculture report itself, which admits that the land-grant colleges' support for human resources and economic development has been relatively insignificant compared to that given to research on plants and animals.

On page 5, I also call attention to the statistics which you have entered into the record and which previous witnesses have pointed out, showing that agribusiness has been playing an increasingly significant role in the Nation's agricultural affairs.

Small farms make up come 57 percent of the total number of farms in this country, yet they account for only 7.8 percent of farm sales. The largest 31,000 farms—only nine-tenths of 1 percent of all farms—

have 24.3 percent of farm staffs and employ 41 percent of all farmworkers.

To go to just a little larger sized group, fewer than 13 percent of the farms hire 78 percent of the farmworkers, and these figures are based on the U.S. Census of Agriculture for 1964. They have completed the 1969 census data, but it is yet to be published. However, all trends we have seen indicate still further concentration of sales and employment in agribusiness.

We would urge this committee to call before it the directors of corporations such as the Prudential Insurance Co. of America, Goodyear Tire & Rubber Co., Del Monte, Royal Crown Cola, Purex, and Hunt-Wesson.

Some of these corporations are not associated in the general public's mind with agriculture, though they do own large holdings of land and are engaged in various aspects of agriculture. As agribusiness has acquired land and businesses, some firms now have become so completely vertically integrated that they have extended their control of the food industry from the planting of the seed to the purchase of the product by the housewife at the supermarket, and some of my colleagues have called my attention to the fact that Purex, which is a major producer of frozen foods, not only owns land and other agricultural resources, but even has a factory for producing the seed.

Case histories of these large food industry firms would detail their holdings, operations, marketing functions, and control, and the testimony would contribute immeasurably to the public's knowledge and understanding of the dominant role of these few giant firms on American life.

It would at the same time provide Congress with the information it needs if it is to develop meaningful legislation which can inject the public interest into the domain where now private decisions determine the well being of millions of American people.

Should not firms responsible for the displacement of workers also bear some responsibility for those they displace and also for communities forced into economic oblivion as a result?

Congress must also be faced with such questions as where industry is located and how Government policies can influence where Americans work, thereby determining the urban-rural balance in the Nation.

For us, that is one of the most crucial aspects of the entire question of the well-being of some 40 to 50 million people who live in rural America; namely, what kinds of jobs there will be and where they will be located.

According to the Bureau of the Census, about three-fourths of all Americans live in urban communities and even more dramatic than that is the fact that this population occupies about 1 percent of the land area of the United States.

Now the price we pay as a nation for our congested living is substantial. The cost of providing public services rises sharply in our larger cities. For example, in cities of 50,000 to 100,000, per capita costs for providing health, education, and welfare amounts to $104 per year. In cities of 1 million or over, the cost per capita is $422 per year, and these are the U.S. Department of Commerce figures for the years 1968 and 1969.

As one well-known expert on land use described it, "the costs of moving people and things within large metropolitan areas are demonstrably greater than the cost of moving them in smaller population centers." This expert is James Sundquist of the Brookings Institution, who points out the many diseconomies of scale, in other words, the many new costs, that are imposed on communities because of congestion.

"Air pollution, for example, is a function of the vast concentration of automobiles. Similarly, water pollution is more amenable to control in areas where population is dispersed."

I would like to point out here the very crucial role that Government action can play in its procurement policies to affect the whole urban-rural balance. By far the most important motivation for migration to the cities has been the search for a job.

Industry location therefore, becomes perhaps the key determinant in the whole migration process. Government actions have dealt only peripherally with the question. In the fifties I referred to the ARA, the Area Redevelopment Act.

It attempted to channel some of the enormous total of Government procurement contracts in areas of high unemployment. In the sixties an adjustment feature was added to the trade legislation to assist workers in industries and communities which were adversely affected by imports.

Our current manpower policy assigns to the Secretary of Labor the responsibility of identifying areas of heavy unemployment so that firms in such areas when seeking Federal contracts or facilities will get preference.

For 1971, that program was responsible for creating about 40,000 new jobs in areas of severe unemployment, under contracts worth approximately $250 million (based on figures for the first 5 months of the year).

Contrast these figures with the total employment of 7 million persons in 1970 resulting from Government purchases of goods and services in defense and atomic energy program alone, under contracts worth over $75 million.

An additional 1 million were employed in private industry as a result of Government purchases in nondefense and space programs.

Because of the emphasis on "efficiency" as the chief basis for awarding contracts—that is, the lowest cost—Federal defense procurement has favored the largest and most advanced corporations, most of which are located in metropolitan centers; already suffering from the ills of congestion.

In short, Government policy generally ignores the social repercussions of its procurement decisions. What may be the "cheapest" or the lowest cost in a short run, may not be nearly so economical if we broaden our concept of "cost" to cover public and social expenditures.

Examples of this are obviously many. When the Government subsidizes the producer of some particular item which is needed, that plant may add hundreds of workers in a particular area and those workers then create strains on the transportation systems, on the schools, on housing. The plant itself may generate various kinds of pollution. Therefore, to say that plant is the most efficient and can provide the goods at the proposed cost takes what we would consider to be a very narrow view of "costs" because someone is paying for it and society generally is that someone.

When tens of thousands of scientists, engineers, and skilled technicians are threatened with the loss of jobs in the aerospace industry; when Lockheed experienced major financial problems, a host of industrialists, bankers, Congressmen, and others beseeched Congress for large-scale loans and special legislation. Yet a far larger number of workers are threatened by loss of their jobs through mechanization and other improvements (and here again I refer to the NBC documentary).

What corporate executive speaks for such workers, what banker pleads for financial aid for them, what Congressman or State official calls for special legislation? We think it is long past time when such workers be compelled to shift for themselves.

We believe there should be special programs of retraining for new skills, new programs of education to increase their employability and various forms of financial assistance to help those displaced families make a transition to other jobs, industries, and communities.

I would interject here, Mr. Chairman, that one very significant fact which too many people are overlooking is that the private economy in this country has really been at a stagnating level for the past several years.

I can analyze some of the employment statistics and they show a very relevant fact; namely, that there has not been one single additional net job in the private sector in the past 2 years. The only jobs that have really been added to our total number of net jobs are jobs in government, and that is not jobs in the Federal Government but jobs at the State and local government level, where close to 1 million new jobs have been created in the past 2 years. Federal Government employment has actually declined.

If you take out the Government sector employment picture and you look just at private sector employment, you will see that you are just about back to the level in total jobs which existed in June of 1969.

So we do desperately need a nationwide program which will help expand employment. A lot of the retraining, however, valuable, will just lead to a game of musical chairs where you will have more people playing than chairs, and the people who will get the jobs obviously are the better skilled. Everyone should have, if you will, equal access and marketable skills but this does not necessarily increase the total number of jobs, and I think that is a very sharp point about the employment situation and training that I would like to underline.

Specifically what we would like to do is call upon Congress to amend the regulations governing Federal procurement so that significant social costs attendant upon the placement of contracts in specific locations become a major factor in evaluating alternative bids. More positively, we would urge that the enormous potential of Federal procurement be directed toward alleviating the present distorted distribution of population.

Nothing short of a comprehensive land use and industry location policy offers any hope of stemming the migration of millions more from our rural areas to already congested and overburdened cities. And that point, in a sense, reemphasizes the point of the previous witness—that unless we find ways to revitalize rural America, unless we can find ways to help industry locate in those communities, unless we can find ways to improve the whole infrastructure of Government in those industries, persons will not be able to find jobs there and they will be forced out of those areas to an ever-increasingly congested and concentrated urban section of the country.

At the same time we would urge the subcommittee to continue its investigations into a number of areas which we think have a profound impact on the well-being of the millions who still live in rural America.

Included in the subjects which merit careful study are the following: First, the role of the United States Department of Agriculture, which increasingly has shifted its emphasis toward assistance to processors and exporters of food products as against those who raise the food and fiber, particularly the small farmer.

Second, the absence of a national rural policy that considers the needs and aspirations of the majority of rural Americans—farm workers, small farmers, small independent businessmen and the aged.

Third, the increasing concentration in the food and fiber industry by vertical integration and controls of the market.

Fourth, the failure of land grant colleges to serve more than narrow agribusiness interests in rural America.

Senator STEVENSON. Thank you very much, Mr. Ginsburg. We will continue our studies. The subcommittee, as a matter of fact, has already made inquiries into the land-grant college situation. We will try to continue our investigation into all of the areas that you have outlined.

I might add, too, that we have invited representatives of some of the corporations that you have mentioned as well as representatives of other corporations to testify. I hope that they will respond to our invitation.

(The prepared statement of Mr. Ginsburg follows:)

Statement
by
Woodrow L. Ginsburg
Director of Research and Public Policy
Center for Community Change
to the
Migratory Labor Subcommittee

September 21, 1971

Mr. Chairman. My name is Woodrow L. Ginsburg. I am director of research and public policy of the Center for Community Change. The Center, as you doubtless know, Mr. Chairman, is an organization of specialists in the fields of social and economic action which provides technical assistance to community groups of poor people in urban and rural America.

I am happy to appear here today in response to the written request from the Senate Subcommittee on Migratory Labor to present the views of the Center on the problem of farm workers in rural poverty.

During the decade of the 1960s, an average of close to 800,000 persons a year left rural America. This mass migration compounded the problems already facing many of America's major cities, while leaving countless rural communities without a viable economic base and with their human resources sharply depleted.

With job opportunities decimated on the farm, and numerous small businesses which served the agriculture communities forced to close, rural residents had no choice but to migrate to urban centers.

The remarkable mechanization and technological progress which has taken place in agriculture has enabled fewer and fewer farmers to satisfy the food and fiber needs of this nation. The increase in productivity, which far exceed that realized in manufacturing and other industries, has transformed the face of America. Output per man hour on the farm rose close to 300 per cent from 1947 to 1970 and employment in agriculture dropped from eight million in 1947 to 3.5 million in 1970. The comparable increase in the nonfarm sector was 80 per cent.

Total farm production climbed by one-third and was achieved with less than half the workers. The number of farms declined from 5.9 million to 2.9 million in the 1947-70 period, but acreage per farm is twice as great. This reflects in part the steady take-over of American farms by large corporations.

Government reports tracking the character of the migration stream in the post-War period point out that the majority of persons who have moved from rural to urban areas are white. A substantial number of blacks have also migrated, particularly from rural communities in the South to large cities in the North and West. More than one million of the approximately 1.5 million Blacks who left the South during the past decade, alone, settled in five large industrial states--New York, California, New Jersey, Illinois and Michigan.

For Blacks, another major pressure for migration was discrimination. One authority points out that about one million jobs in manufacturing were gained in the Southeast and South-Central states during the 1950s, but at the most, one percent of such jobs were given to Black males.*

Clearly the new job opportunities created in rural America were far too few to meet the employment needs of whites and Blacks displaced by mechanization on the farm, plus those entering the work force.

With jobs scarce in many large urban centers, recent migrants are forced on welfare. Those who remain behind are also suffering from the economic doldrums which beset our nation and the long-term consequences of the basic structural shifts in the economy of rural America. If H. R. 1 passed, some 19 million persons in families would benefit, more than nine million of whom live in non-metropolitan areas. While

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*Hansen, Niles M., Rural Poverty and the Urban Crisis: A Strategy for Regional Development. Bloomington, Indiana: Indiana University Press, 1970, p. 45.

35 per cent of Americans live in small towns or on farms, 46 per cent of those benefiting from the passage of H. R. 1 reside in such communities.

The answer to poverty and deprivation for these millions is in finding a decent job at decent pay. For those who cannot find work, or for those who are unable to work, it is crucial that we have an adequate welfare program.

The pressure of higher welfare costs, which migration has accentuated, particularly in our major industrial states, has led a number of states to impose residency requirements for welfare eligibility--despite the fact that the Supreme Court has ruled that such measures are unconstitutional.

Our welfare system should be under the administration of the Federal government and financed by Federal funds. The implications of mechanization on the farm and the migration of populations across state lines reinforce the fact that our labor market is national in scope and our welfare system should be also.

H. R. 1 falls far short of enabling people to live in decency and dignity. While its benefit of $2400 for a family of four, in some states like Mississippi, far exceeds the current welfare benefit, that level is often not much more than 50 per cent of the benefits provided welfare recipients in New York City.

Unlike the House-passed welfare bill of a year ago, which as recommended by the President prevented the reduction of benefits, H. R. 1 permits such reduction.

Another glaring weakness of H. R. 1, especially important for migratory workers and farm laborers, is the clause which ties the benefit levels to past earnings. For H. R. 1 provides that benefits be related and determined by earnings during the prior three calendar quarters, not on current needs--a far fairer basis. That provision is particularly harsh for migratory and other seasonal workers. A seasonal worker, who is currently unemployed, would receive smaller benefits because he had earnings, even at starvation levels, in the past nine months.

We urge that the Senate act promptly to raise the benefit levels and remove the inequitable and restrictive provisions of H. R. 1. There is no sound moral, social, or economic basis for deferring the effective date of welfare reform as proposed by the President. In broad economic terms, desperately-needed income for those on welfare will quickly be added to demand. In that way, it will contribute as an immediate stimulus to a seriously lagging economy.

The plight of rural economy has its roots in the revolution in technology which has so profoundly affected America's agriculture. From a political standpoint, it is most unfortunate that neither the Executive nor the legislative branch of government has intervened. Rather they have abdicated their responsibilities and allowed private interests to dominate the nature and pace of change in rural America. Where government has played a role, its efforts have strengthened the very forces of agri-business which have become ever more powerful.

For example, a significant part of farm production progress derives from research at the land grant colleges. Although the land grant college system was created to be the people's university and to reach out to serve the various needs of a broad rural constituency, the system has in fact become the eager servant of agriculture's industrialized elite. At least since World War II, the 69 land grant colleges of this country have put their tax-supported resources almost solely into the industrialization of agriculture. This focus has led to the production (and to the over-production) of an enormous bounty of food and fiber products, and it has created equally enormous wealth for the agri-business few.

The land grant colleges have not been much concerned with the needs of the majority of rural Americans. In 1966, the U. S. Department of Agriculture found that the land grant college system was conducting only 201 man-years of what they termed "people oriented" research. That compares with:

752 man-years of research on fruit
762 man-years of research on vegetable crops
1,743 man-years of research on pesticides

USDA admitted that their "support for human resource and economic development has been relatively insignificant compared with that given to research on plants and animals."

No one proposes that the land grant system should abandon its traditional concern with farm productivity, nor is it even suggested that agri-businessmen no longer should have a say about research. Rather, the point is that agri-businessmen are but one element in rural America, and a minority element at that. The tax-paid land grant system must be forced to consider agri-business research demands within the broader context of total rural need.

A few figures dramatize the grip which agri-business enterprises have on the nation's agriculture. Small farms make up 57 per cent of the total number of farms, yet they account for only 7.8 per cent of farm sales. The largest 31,000 farms (nine-tenths of one per cent of all farms) have 24.3 per cent of farm sales and employ 41 per cent of all farm workers. Fewer than 13 per cent of the farms hire 78 per cent of the farm workers. The trend since the middle sixties, when these figures applied, has led to even further concentration of sales and employment for agri-business.

No examination of rural poverty can be complete without a careful analysis of agri-business. These firms, perhaps more than any other single force, are determining the patterns of development, population movement, extent of mechanization, and employment for farm laborers, migrants, and other workers in rural America. Their record is a sorry one.

We urge this Committee to call before it the directors of corporations such as Prudential Insurance Company of America, Goodyear Tire and Rubber Company, Del Monte, Royal Crown Cola, Purex, and Hunt-Wesson. Some of these corporations are not associated in the general public's mind with agriculture. As agri-business has acquired land and businesses, some firms became so completely vertically integrated that they have extended their control of the food industry from the planting of the seed to the purchase of the product by the housewife at the supermarket.

Case histories of these large food-industry firms would detail their holdings, operations, market influence, and control, and the testimony would contribute immeasurably to the public's knowledge and understanding of the dominant role of these few giant firms on American life.

It would at the same time, provide Congress with the information it needs if it is to develop meaningful legislation which can inject the public interest into a domain where now private decisions determine the well-being of millions of American people.

Should not firms responsible for the displacement of workers also bear some responsibility for those they displace, and for the communities forced into economic oblivion as a result? Congress must also face such questions as where industries locate and how government policies can influence where Americans work, thereby determining the urban-rural balance in the nation.

According to the Bureau of the Census, in 1970, almost three-fourths of all Americans--73.5 per cent--lived in urban communities. Even more dramatic, perhaps, is the fact that this population occupied "about one per cent of the land area" of the United States.

The price we as a nation pay for our congested living is substantial. The cost of providing public services rises sharply in our larger cities. For example, in cities of 50,000-100,000, per capita cost for providing health, education and welfare amounts to $104 per year. In cities of one million or more, the cost per capita is $422 per year.

As a well-known expert on land use described it,

> "The costs of moving people and things within large metropolitan areas are demonstrably greater than the costs of moving them in smaller population centers. Commuting distances are obviously longer, the time loss greater, the costs higher. The flight of industry from central cities to the suburbs is a reflection, in part, of the cost of transportation to and within congested areas. The cost of urban freeway construction varies directly with the

> population density of the areas affected, and subway systems are an enormous expense that only the larger metropolitan areas require. Such municipal functions as water supply and sewage and solid waste disposal are probably also subject to diseconomies of scale, for the simple reason that the water and the waste must be carried over longer distances....Air pollution, for example, is a function of the dense concentration of automobiles. Similarly, water pollution is more amenable to control in areas where population is dispersed."

As pointed out, by far the most important motivation for migration to the city has been the search for a job. Industry location, therefore, becomes perhaps the key determinant in the whole migration process. Government actions have dealt only peripherally with the question. During the 1950s, after several severe recessions, the Area Redevelopment Act was adopted. It attempted to channel some of the enormous total of government procurement contracts into areas of high unemployment. In the 1960s, an adjustment feature was added to trade legislation to assist workers, industries and communities which were adversely affected by imports. Our current manpower policy assigns to the Secretary of Labor the responsibility of identifying areas of heavy unemployment so that firms in such areas when seeking Federal contracts or facilities will get preference.

For 1971, that program was responsible for creating about 40,000 new jobs in areas of severe unemployment under contracts worth approximately $250 million (based on figures for the first five months of 1971). Contrast these figures with the total employment of seven million in 1970 resulting from government purchase of goods and services in defense and atomic energy programs alone, under contracts worth over $75 billion. (2.8 million were employed in private industry; 4.2 million were general government personnel.) An additional one million were employed in private industry as a result of government purchases in nondefense and space programs.

Because of the emphasis on "efficiency" as the chief basis for awarding contracts, Federal defense procurement particularly has favored the largest and most advanced corporations, most of which are located in metropolitan centers already suffering from the ills of congestion.

In short, government policy generally ignores the social repercussions of its procurement decisions. What may be the "cheapest" in the short run in the accounting of a government department or an individual firm, may not be nearly so "economical" if we broaden our concept of "costs" to cover public and social expenditures.

When tens of thousands of scientists, engineers, and skilled technicians were threatened with loss of jobs in the aerospace industry when Lockheed experienced major financial problems, a host of industrialists, bankers, Congressmen, corporate executives and others beseiged Congress for large scale loans and special legislation. Yet, when even larger numbers of workers are threatened with the loss of their jobs through mechanization and other improvements--for example, as graphically portrayed in the recent NBC documentary "Leaving Home Blues," in the tobacco industry--scarcely a voice is raised. What corporate executive speaks for such workers, what banker pleads for financial aid for them, what Congressman or state official calls upon his colleagues to enact special legislation?

We think it is long past time when such workers be compelled to shift for themselves. We believe there should be special programs of retraining for new skills, new programs of education to increase their employability and various forms of financial assistance to help these displaced families make the transition to other jobs, industries and communities.

We call upon Congress to amend the regulations governing Federal procurement so that significant social costs attendant upon the placement of contracts in specific locations become a major factor in evaluating alternative bids. More positively, we would urge that the enormous potential of Federal procurement be directed toward alleviating the present distorted distribution of population.

Nothing short of a comprehensive land use and industry location policy offers any hope of stemming the migration of millions more from our rural areas to already congested and overburdened cities.

At the same time, we would urge the Subcommittee to continue its investigations into a number of areas which have a profound impact on the well-being of the millions who still live in rural America. Included in the subjects which merit careful study are the following:

1. The role of the U. S. Department of Agriculture which increasingly has shifted its emphasis toward assistance to processors and exporters of food products as against those who raise the foods and fibers, particularly the small farmer.

2. The absence of a national rural policy that considers the needs and aspirations of the majority of rural Americans--farm workers, small farmers, small independent businessmen and the aged.

3. The increasing concentration in the food and fiber industries by vertical integration, control of markets, etc.

4. The failure of land grant colleges to serve more than narrow agri-business interests in rural America.

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Senator STEVENSON. We certainly want these hearings to be as balanced as possible and hear from all of the parties concerning those issues which are vital to rural America.

I would like to continue this hearing with a lot of questions to you, Mr. Ginsburg. But as you are familiar with the buzzer system in this building, you are aware that a rollcall vote is in progress in the Senate chamber. So with my thanks to you for your help and coming here today, I am going to have to recess the hearing until 9:30 tomorrow morning, in this same room.

Thank you very much.

At this point I order printed all statements of those who could not attend and other pertinent material submitted for the record.

(The material referred to follows:)

From: Norton Simon
2440 Wilshire Blvd., Suite 1216
Los Angeles, Calif. 90010
Telephone: (213) 380-2021

Press Conference, September 15, 1971
Ambassador Hotel, Los Angeles, Calif.

NORTON SIMON ON NADER REPORT ON CALIFORNIA

Urges Consideration of Task Force Attack on Monumental Tax Avoidance

I called this press conference today because I believe there is a real need for individual citizens -- and certainly those to whom California has been as good as it has been to me -- to become personally interested in the recent Nader report on this state. This is the most exhaustive probing of the power structure and economic evils of California in over a third of a century. I want to urge its full and careful consideration by every thoughtful Californian.

I by no means propose a blanket endorsement of all of the 2,000 pages of detailed investigation, and many recommendations of the Nader report. But there is a far reaching need for Californians now to get at the host of situations and suggestions which the Nader task force has put a probing light on.

And if we really get at what is going on, we can lead the way for the nation. For at the center of an invisible web of economic and political power over the state are the nation's largest bank and other major banking and insurance institutions; the third largest transportation company in the country - the Southern Pacific Company; and the third largest utility in the nation - P. G. & E.; mammoth oil companies, farming and ranch enterprises, and certainly aircraft companies and space enterprises. Alone, two or three of these companies could open up the power structure of this state and help correct the abuses pointed to in the Nader report, if there is just the heart and commitment to undertake that. Unfortunately, most all of them are among the principal practitioners and beneficiaries of the misallocation of resources and misuse of power going on in California.

No wonder that millions of adult citizens, as well as many young people, are increasingly critical of the prevailing way of doing things and -- most unhappily -- of the free and private economy in which I strongly believe. Tragically, it is the power brokers of the corporate and political worlds who are now most undermining a free and just society. They don't really uphold the free enterprise system at all, but 19th century European cartelism.

Towards More Equitable Collection of Taxes

With my intense personal interest in education, and also being a large tax-payer and avowed capitalist, the main substantive point that I want to focus on, as a result of reading the report, is simply this:

California does not need higher tax rates at all -- but it does need fair enforcement of the tax laws we already have, and enactment of reforms which will close loopholes. This will make the wealthy, the large corporations, banks, insurance companies, big real estate holders and particularly the oil companies carry their fair share. As just one gross example, tax avoidance by the wealthy who own real and personal property ends up unfairly burdening small-property owners. The Nader report, for instance, points out that the University of California paid $6,500.00 an acre to the Irvine Company for property taxed on the basis of $145.00 an acre, and even the Irvine Company claimed it was giving the University a low price. Such statements apply to the assessment of personal as well as real property taxes.

If the powerful special interests of this state were required to pay for the costs of the economic, ecological and other problems they cause, and for all the hidden subsidies and other extra public benefits they receive, this state would have billions of dollars more in revenues. And that would meet our educational and other needs and still allow a fair tax break for the small-property owner and average taxpayer.

Mr. and Mrs. California need to face up to a hard truth that they have been avoiding in recent years: They have been distracted by campus unrests, welfare, and other problems unquestionably in need of attention -- but while thus diverted, their pockets have increasingly been picked and tax bills on their property, income and sales purchases have been loaded up, so that the big corporations and wealthy individuals would not have to shoulder an equitable share of the cost of local and state government. It is past time the Governor and politicians of both parties quit shouting "tax reform" and start performing.

Neither the shareholders of these large corporations, nor their customers, have really profited from much of the tax avoidance. For much of the property of this corporate elite has been kept at economically low levels of use and sometimes completely idle. The reason is that some of those corporations and wealthy individuals seem to be interested too often in accumulating power, not profits. And that is power for just a handful of top management and a few wealthy individuals.

It is no wonder that the president of one of the biggest landowners in California, with 2.4 million acres and much of it in low economic usage or even idle -- laughed at the Nader report on California and told one of its largest stockholders with whom I talked, not to give the Nader report a second thought.

A particularly useful contribution of the report is its pinpointing of the so-called Williamson Act, adopted only a few years ago with presumably the most laudable of objectives (improving land usage in order to cope with urban sprawl), as actually opening a gaping tax loophole whose "only purpose...is a tax haven for California's major landowners, revocable when the time is ripe for sale and profits." Among the chief beneficiaries under the Act are the major large companies in the state.

There has been considerable public discussion recently about the

California Supreme Court decision directing equalization of property taxes in support of education. This really confirms the Nader concept of unfair taxation. The bugaboo of higher taxes because of that has been raised. But there will be no need for higher taxes if the corporate giants are made to pay their fair share of the overall revenue needed.

The Williamson Act and recent court decision are just two of many instances of the relevance of the Nader report to fundamental problems now before this state. Another example is the misdirecting of research funds at the University of California in support of giant agribusinesses which consistently have not paid their fair share of the funds required to maintain higher education. The misapplication of research funds, the lack of adequate state support for higher education when tax avoidance is so extensive, and the conflict of interest of some of the Regents identified with the landholding elite cited in the Nader study are matters that I intend to go into more fully in the future.

There are so many issues before the state that the task force study directly bears on. And there are many parts of the report which cry for further consideration, of which there are only five examples:

- The extent to which corporate and political power combine against the unorganized individual Californian;
- The extensive and still increasing concentration of economic power in California. Lockheed and the banks are prime examples;
- The concentration of land ownership in this state, with the trend suggesting still greater concentration ahead. Already "generally the top 20 landowners in rural counties (amounting to from 1/50th of 1% to just under 1% of the population) own from 25-50% of the private land. In urban counties, the top 20 landowners (amounting to from 1/200th of 1% on down) own 15-30% of the private land." Looked at from another perspective, just "45 corporate farms representing less than 1/10th of 1% of the commercial farms in the state, control 3,714,000 acres -- one-half of the acreage is controlled by large conglomerate corporations with other business interests";

* The extent to which federal and state tax policy subsidize large corporations and wealthy individuals to go into farming. Substantial capital gains, favorable depreciation rates on equipment and machinery, and tax losses written off against non-farm income are major benefits that return sizeable tax savings to absentee investors and thereby permit them to operate with a cost structure entirely different from that of the small farm operator... The public subsidization of those large agribusinesses is done through not only tax benefits and outright crop and other subsidies, but also marketing orders whose net effect unfairly burdens the consumer and sometimes gives foreign grown commodities important cost advantages over ours; cheap water paid for by the entire state and, in turn, leading to unjustly enriched land values; and even cheap labor whose cost must be figured in both human terms and the related welfare costs which must be met by the rest of the taxpayers. An important part of the welfare costs of the state that the Governor is so quick to attack are a hidden subsidy to the very agribusiness interests which he simultaneously lets off the hook of public responsibility;

* The particularly heavy pollution of the air, soil, water and wildlife by larger operators, with the average taxpayer left to suffer or pay the clean-up costs.

A Cancer Test

In its inclusiveness, the Nader report might best be considered a cancer test as to the extent to which California is suffering from the corruption of corporate and political power, with the test cutting through not only Sacramento to local government, but also into the private sector. Serious study of this massive document can only conclude a diagnosis of widespread malignancy -- in fact, so widespread that simple surgery is not enough. The ultimate answer in this situation must be a highly aroused public opinion.

To bring that to bear, I deeply hope the press and broadcasting media will now dig relentlessly into specific problems focused on by the report. We need investigative TV and radio "specials" and a number of newspaper articles in every paper of the state.

I hope, too, the Legislature will initiate a series of special inquiries and enact follow-up legislation. If that is not done, the citizenry should hold the individual legislators and other elected officials accountable.

I hope citizen groups and service clubs, city councils and county boards of supervisors will hold local hearings on specific aspects of the report applicable to their areas. And if local public officials do not take the initiative for that, they should be held accountable, too.

I hope major institutions like the University of California and the state agencies named in the report will publicly cleanse themselves. The derelictions of William Gianelli, State Director of the Department of Water Resources, are particularly glaring, including his failure to keep records required under the state water program as to water users with more than 160-acre holdings. These deficiencies should not be tolerated by either the press or public.

I hope the corporate leaders of California will place themselves personally and explicitly in support of full public consideration of the Nader report, and I hope they will voluntarily put their individual houses in order. If that does not happen, then publicly interested shareholders should and will hold them accountable at the annual meetings; and a growing number of lawyers must and will take action.

I hope a major citizens' lobby such as is being considered for Washington, D.C., can be established in Sacramento to cope with the locust horde of special-interest lobbyists there. Young people are now pioneering such an effort. But it is time that the adults and especially the civic groups of California form a fully staffed and vigorous operation there, too.

I hope that the Governor will reconsider his reflex-reaction against Ralph Nader and support full consideration of the report. The Governor should be ahead of, not behind, citizen efforts concerning it.

But regardless of everyone else, the individual Californian has the biggest stake of all, including an important taxpaying stake, in assuring that the large landowning and other corporate interests and wealthy individuals quit evading their responsibility and pay their rightful share of the taxload, undiminished by all kinds of special windfalls perpetuated by special concentrations of power.

But I do not want to close here today with just some broad hopes. I am giving serious consideration to the establishment of a commission to look further into the Nader study and the very basic problems which it has put before this state. The Commission would be as impartial as possible, independently financed, and include rank and file Californians and some people outside the state to bring additional objectivity, some young people from our colleges and universities, and individuals from the larger corporate interests. But I will not go further into that here today, for I believe public concern about the substance first needs to be encouraged.

Thank you very much.

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(Whereupon, at 12:30 p.m., the hearing recessed, to reconvene for further hearing at 9:30 a.m., Wednesday, September 22, 1971.)

FARMWORKERS IN RURAL AMERICA, 1971–1972

(Farmworkers in Rural Poverty)

WEDNESDAY, SEPTEMBER 22, 1971

U.S. Senate,
Subcommittee on Migratory Labor,
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 9:45 a.m., pursuant to recess, in room 6202, New Senate Office Building, Senator Adlai E. Stevenson III (chairman of the subcommittee) presiding.

Present: Senators Stevenson and Hughes.

Staff members present: Boren Chertkov, counsel to the subcommittee; and Eugene Mittelman, minority counsel.

Senator Stevenson. The hearing of the Subcommittee on Migratory Labor will come to order.

This morning we continue a 2-day hearing on alternatives for rural America as part of a larger series of hearings on farmworkers and rural America. This morning we will learn more about economic development potentials in rural America, particularly in the southern part of the country.

Our first witness is Mr. Geoffrey Faux. Mr. Faux is the former Director of Economic Development Programs for the Office of Economic Opportunity. His expertise in the field of community economic development stems from years with OEO. He has just finished a year as a Kennedy fellow and is now on the staff of the Center for Community Economic Development in Cambridge, Mass. He has observed community economic development projects all over the country and is presently working on a project to identify economic development alternatives for the State of Maine.

Thank you very much for joining us this morning, Mr. Faux. Do you have a statement?

STATEMENT OF GEOFFREY FAUX, FORMER DIRECTOR, TITLE I–D PROGRAMS OF OEO, PRESENTLY WITH CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT, CAMBRIDGE, MASS.

Mr. Faux. Yes, I do.

Senator Stevenson. We will enter it in the record if you like, or you may read it or summarize it.

Mr. Faux. I would like to go over it, Senator. It is in four parts. The first part covers present policies toward rural poverty. The sec-

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ond is a brief review of community economic development programs across the country. The third deals with the relationship between landownership and rural poverty and the fourth contains some comments and brief recommendations on future activities.

Senator, public policy toward rural poverty is now at a dead end. The depressed areas programs of the Economic Development Administration for the most part have become public works pork barrels with little space in the bottom for any social or economic change.

The programs of the Department of Agriculture are operated for the benefit of large agribusiness and State politicians. And the social services programs of agencies such as HEW, OEO, and the Labor Department consistently have shortchanged the rural poor, primarily because there is no political constituency for them.

There is little need to review before this subcommittee the results of the failure of these policies. Over the past few years the plight of migrant workers and others of the rural poor have been documented in all their horror before this and other congressional committees. The record is all to full.

The conventional solution to the plight of the poor in depressed rural areas is the welfare mobility strategy. It holds that since there are not enough jobs being produced in rural areas the invisible hand of the market has ordained that the rural poor must leave for places where work prospects are better.

Therefore, public policy should support the outmigration of the poor to areas where jobs are growing. Since outmigration is happening anyway, this means an acceleration of present trends, rather than a new policy. For those who do not choose to migrate, the mobility/welfare strategy provides welfare, at least in theory.

So-called growth center strategies, whereby subsidiaries are given to accelerate growth in already growing small urban areas, are really supplements to the mobility/welfare design. At best, the net effect of such an approach would be to divert some small amount of rural to urban migration away from the large cities to smaller ones.

A mobility strategy, without much welfare is in fact the strategy that the Nation is pursuing now. It is a strategy that systematically squeezes the rural poor so that their choice more and more is between migration and misery.

The mobility strategy has dominated the allocation of resources in the war on poverty. But it certainly does not reflect a unanimous view. Those who worked in rural areas or who took enough time out from shuffling papers to go into the countryside saw that the net solution worked out in Washington made little sense in the Mississippi Delta, or in eastern Kentucky or in south Texas. They found:

That a substantial number of the poor do not leave rural areas.

That the rural poor are not necessarily better off when driven to urban areas where they have no skills, can find no jobs, and have great difficulty adjusting to the city culture.

That the human cost of such forced migration is very high; and because of the difficulty the rural poor have in adjusting to city life, the cost continues into successive generations.

That because of these high costs of migration, a substantial number of the poor will not leave the countryside until forced to do so by hunger and extreme deprivation. In the country they can supplement their income with a garden, in some areas by hunting and fishing, and, perhaps most important, with a network of family and neighbors which is the backbone of rural life.

That contrary to the popular assumption, there are economic opportunities in rural areas. In some cases there are industrial opportunities, in some cases there are farming opportunities, and in a growing number of areas there are rapidly rising opportunities in recreation and tourism.

That public policies in the form of tax policies, direct and indirect subsidies to corporate interests, and discrimination against the poor in technical aid programs were systematically excluding the poor from taking advantage of these opportunities.

That the mobility strategy was encouraging the concentration of ownership and power in the hands of fewer and fewer private interests. And that as economic power concentrated so did political power, so that local officials in rural areas spoke for the powerful and the rich and opposed even the small "band-aid" OEO programs if they couldn't control them.

That concentrated ownership was becoming absentee ownership, weakening any sense of responsibility that landowners might have had for their less fortunate neighbors.

Thus, Senator, what looked like the invisible hand of the market from Washington, was an effective government-supported policy to drive out unneeded surplus labor from the countryside and to assist in the concentration of ownership so that fewer and fewer people could make more and more profits from the land.

A good example of how antipoverty policies ignored this reality is the history of the rural loan program authorized by title III-A of the Economic Opportunity Act. The rural loan program was set up to provide financial assistance to low-income farm families and low-income farmers' cooperatives. The program was poorly designed from the beginning.

It was then delegated to the Farmer's Home Administration which proceeded to completely disregard the intent of the program to help the rural poor. For example, the General Accounting Office found that despite the desperate need of poor farmers for technical assistance, the Farmer's Home Administration gave substantially less help to poor farmers than they did to middle-class and rich farmers. The poor were left to rely on their own resources and skills, while the wealthy farmers were supported by a Government agency.

Despite this and other evidence that the program had been mishandled, OEO decided that the notion of Federal aid to poor farmers had failed and agreed with the Bureau of the Budget that the program should be dropped. This meant that a revolving loan fund with almost $100 million worth of assets, generated out of previous years appropriations and the repayments of poor farmers and therefore not charged against the current year's appropriations, would be sent back to the Treasury which continues to finance farm subsidy programs.

Thus, money that poor farmers are repaying back to the Government is available for loans and subsidies to the rich.

Fortunately, the current title VII of the Senate version of the Economic Opportunity Act based on an amendment sponsored by Senators Kennedy, Javits, and Cranston contains a provision for preserving the rural loan program in revised and more sensible form.

As a result of the experiences of many who worked directly with rural poverty problems a number of attempts have been made to establish programs to help poor people take advantage of economic opportunities in rural areas and thereby to gain some jobs, some ownership, and some economic power.

The programs were based on the assumption that some control over economic resources was essential for the kind of social change necessary to make significant change in the plight of the rural poor. While this assumption was based primarily on the experiences of people in the field, analytical studies are beginning to validate the assumption.

For example, a study of the voting patterns of black people in several Mississippi counties showed that willingness to register and vote is not a function of income, but of land ownership. Thus where blacks owned some land, even though they might be poor, they were more likely to vote and to participate in their community as equal citizens. Where income was higher but not related to ownership, participation was low. A point for those who think welfare alone is the solution to the problems of poverty.

The series of community-based economic development projects that OEO has helped finance can hardly be called a program. The mobility strategy would not permit it. Some of the projects were funded from section 232 of the Economic Opportunity Act, some from the versatile funds of rural Community Action agencies, and some from the title I–D special impact programs.

And of course, there are many poor people's programs that have never seen OEO money.

Projects were of all different shapes and sizes and involved a wide variety of enterprises. Catfish farming in Georgia and Mississippi, vegetable farming in Mississippi and Alabama, cattle raising in Mississippi and New Mexico, light industrial enterprises in Minnesota, West Virginia, and South Carolina. Typically, OEO support went for both technical and financial assistance.

Since you will be hearing from some of the people who have been working in these projects, I will limit myself to a few general comments.

The road is difficult—and painfully slow. Given the ad hoc nature of the projects, there was not enough technical expertise in designing the projects. And expectations were unreal, both on the part of OEO and the grantee. To make matters worse, OEO often insisted upon service program criteria for business ventures.

It was several years before the OEO legal staff finally came around to accepting the notion that poor people had a right to make profits from their own business enterprises.

Most bitter of all was the opposition of existing Federal and State agencies whose job it was to help poor people get on their feet. Not only did they not help, but in many cases, particularly in the House, they assisted in the local harassment of the projects.

But despite the difficulties and hardships, the poor for the first time in many places have been able to develop and take advantage of economic opportunities on their own. The fact of this independence and growing realization that the poor will not quit on these enterprises has led to a grudging but growing respect on the part of local officials, extension agents and the like.

These projects have made great strides, but there is still a long way to go. Not only do they not get the technical aid from the Federal Government that wealthy farmers and corporations get, but there is no rational system of financing available. Agribusiness of course has its own form of financing. And rich farmers and their cooperatives get plenty of financial support from the Department of Agriculture. But the poor are effectively cut off from such aid, whether as individuals or when they attempt to band together into a cooperative.

What is needed is a system of low-cost financing specifically geared to the needs of poor people's enterprises, both farm and nonfarm. A system of technical assistance and training is also essential for the success of these promising ventures.

In this regard, I believe the recently introduced bill providing for a rural development credit system is deficient. There is little in the bill that suggests that the institutions created would be any more helpful to the needs and interests of the poor than are the present institutions.

Indeed, its heavy reliance on existing multicounty planning districts, such as those sponsored by the EDA and the Appalachian Regional Commission, neither of which involve the poor or have been protective of their interests, suggests that for the poor, the act will be more of the same.

Finally, in its emphasis on industrial development, the act avoids what many have come to conclude is the basic issue in rural development, an issue that concerns not just the millions of poor who live in rural America, but all of us who live in America and are concerned with her future. The issue is land.

Since you have heard or will soon hear, descriptions of conditions in the South and in the West, I should like to use a New England example, that of Maine, to show the interplay between poverty, land ownership, and economic opportunities.

Maine is the poorest State in New England and ranks 37th in the country in terms of per capita income. Since most of the poorer States are in the South, where the milder climate reduces the cost of living, Mainers are probably worse off than the per capita figure implies.

The State has all of the problems of poor housing, ill-health, joblessness, and, so on, associated with poverty. It does not have a major racial problem (although it does have a small number of reservation Indians who have had their share of mistreatment) so that the problems of poverty are more clearly a class, rather than a racial phenomenon.

Although Maine has been poor and rural for a long time and has been experiencing out-migration for a long time, those who chose to remain in Maine have gotten by because the land is cheap and they had access to it.

Therefore, they could hunt and fish for meat, raise and can fruits and vegetables, and had a cultural environment that allowed them to "make do" with old clothes and old cars the way rural people everywhere do.

Since the mid-1950's, the State has been trying to attract industry through tax and financial incentives of the EDA type and of the same sort that the proposed Rural Development Credit System would sponsor. It hasn't worked very well. A few firms have come into the State, but it is not clear that it has been in response to any of the incentives offered by the State. In several instances firms have come in and operated for the duration of the subsidy and left as soon as the subsidy ran out.

Recently the largest loan guaranteed by the State Industrial Authority—to a sugar beet factory—went sour and the State is now stuck with the mortgage.

Far from making progress in the industrial sector, Maine is actually falling behind. Between 1967 and 1969 according to the State's own department of economic development, the number of production workers employed in manufacturing industries dropped from 121,000 to 118,020. Perhaps more significant, expenditures for plant modernization and equipment dropped over the same period from $146 million to $106 million.

The pulp and paper and lumber industries which account for one-third of the value of manufactured goods in the State have drastically reduced their investments. Indications are that several major firms do not intend to continue significant activity beyond the life of present plant and equipment. Instead they are moving into recreation and tourism.

In recent years Maine has become a tourist and retirement mecca. People from the cities of the Northeast corridor have flocked to Maine in increasing numbers to escape congestion, overcrowding, and pollution. Between 1964 and 1969, spending by tourists in the State almost doubled and it has continued to rise since. Tourism is now the No. 1 industry in the State, and land prices have skyrocketed as a result.

Land that sold for $20 an acre in 1961 cannot be had for less than $200 an acre today. Stories abound of how land speculators and wealthy people from Boston and New York bought land dirt cheap from poor farmers a few years ago and have made fortunes on the increase in value.

The effect of this on the poor is profound. Whereas the poor rural Mainer previously could stay in his community supplementing his income with a garden, by hunting and fishing and by digging clams, the rise in taxes, rents, and the general cost of living is squeezing him mercilessly. And the land itself, which used to be open for hunting and fishing for Mainers is now being fenced off for the pleasure of outsiders.

Even his own government, based on the New England town meeting of which the Mainer could be justly proud, is being undermined. Townships are without zoning powers, which they never before needed and even now lack the sophistication to understand.

Where they have regulatory powers, the two selectmen have neither the skill, nor the economic power to avoid being dominated by the corporate interests.

During a recent survey of Maine local government, a researcher asked a local selectman how he thought the board was going to vote on a particular issue. The selectman replied that he didn't know yet since he hadn't called the Boston headquarters of the town's largest firm.

Gradually the poor rural Mainer is being driven out of his community. Evidence on population movements suggests that the Maine coast is undergoing a shift in population with low-income indigenous Mainers being pushed into the sparsely settled backwards areas, where opportunities are practically nil. It sometimes reminds one of the cycle of uprooting and resettlement that destroyed the native American Indian during the 19th century.

Such reality, of course, doesn't feed into the policy making machinery of planners and strategists. The State is still trying to attract industry to Maine, when everyone with a dollar to invest in the State is putting it into land and recreation. And the attention of the most of the regional offices of Federal agencies is riveted to the mobility strategy and industrial development.

The tragedy, Senator, is that tourism and recreation is the most important force to hit the State in a century. It could open up all kinds of opportunities for the underemployed, especially now that recreation in Maine has become a four season activity. But the poor can't get a handle on these opportunities because they are controlled by out of staters in the context of rampant disregard for the indigenous population.

But where are the benefits of the recreation and tourism boom going? For the answer one need only look at the land ownership patterns. Fifty-two percent of the State is owned by paper companies. A recent estimate put the total absentee ownership at 80 percent of the State's land area. Outsiders own the land and control the benefits.

Wages are kept low, in part by importing thousands of out-of-State college students who compete with the local population for summer jobs. Jobs with any kind of career potential go to people brought in from the outside. There is no training or financing available for local people to take advantage of the business opportunities generated by the recreation and tourism.

For the State as a whole the tourist industry has developed in a quite irrational manner. Development is random and unplanned. More motels, hot dog stands, service stations, gift shops, and camping grounds pop up every day as corporations and entrepreneurs chase each other all over the Maine cost in an effort to get locational advantage.

Not only are the profits from tourist enterprises going to out of staters, but the capital gains resulting from the steadily rising value of the land which is Maine's primary resource, are also lost. If tapped, such values could generate badly needed funds for public services. But the State relies on an archaic and regressive property tax which ironically favors the large, corporate landowner since small tax increases force the small landowner to sell, but are of minor significance to the corporation.

I think it is safe to say that what is happening in Maine is happening elsewhere. In Vermont, for example, a recent study showed that 23 of 31 Vermont plants employing more than 250 people were owned by out of staters. Despite the Vermonter's image of himself as a free independent yeoman, he is practically a serf to corporate interests in New York and Boston.

The interesting thing is that this pattern of absentee ownership has emerged just in the last 15 years as a result of the trend toward mergers and conglomerates.

In western North Carolina and other places in Appalachia, lumber and coal companies which have sucked the minerals and timber dry are now cutting up their holdings into vacation and retirement homes. As in Maine, taxes, rents, and the cost of living rises and the poor are being further impoverished.

If there had been a broad survey of corporate land ownership in the United States, I am unaware of it. However, in my own limited observations, many of the same corporate names seem to crop up in different parts of the country. Among the major corporate landowners in Maine are Georgia Pacific, the International Paper Co. and St. Regis Paper. In Harlan County, Ky., the largest landowners in the county are U.S. Steel, International Paper, and Georgia Pacific. In Jefferson County, Miss., the largest landowners are Johns-Manville, International Paper Co., and St. Regis Paper.

The growth of recreation and tourism and the shifting pattern of development to less congested and polluted areas will in the next decade offer a tremendous opportunity for revitalizing rural America. But the rural poor who should stand to gain from these trends are being pushed out of the game by the corporate sector.

Efforts to pour investment subsidies into rural areas without regard to who benefits will make a mockery out of the genuine need for the poor to participate in the development of rural areas. Like urban renewal, rural renewal could become a disaster for the poor.

Where do we go from here? How do we get out of the dead end into which our rural policies have taken us?

The first step is to recognize the nature of the issue. Behind the problems of bad housing, poor education, insufficient jobs, lack of capital to start a business, is a system of unequal distribution of land and resources under a largely absentee ownership. This system has been created by tax policies, subsidy programs, and technical aid efforts paid for by the U.S. taxpayer.

This concentration of power renders helpless, not just the poor, but all parts of rural society. Even where skillful men of good intent lead a local government, they cannot make the changes needed because rural communities themselves are in bondage to these corporate powers.

And it is not in the nature of things for International Paper to tax itself for better housing in Maine, or for Georgia Pacific to concern itself with schools in Harlan County, or for St. Regis to worry about poor black sharecroppers in Jefferson County, Miss.

One next step is to get the facts. What information exists today concerning ownership of rural America is scattered and incomplete. The Federal Government which spends millions of dollars on rural socioeconomic research of dubious value has done nothing on the basic question of who owns the land and the resources in rural America.

I could think of nothing more relevant to the needs of migrant labor and the rural poor than for this subcommittee to embark upon a detailed and thorough study of the concentration of ownership in rural America and its relationship to rural poverty. There are hundreds, if not thousands, of people across the country who would be willing to help you and your subcommittee staff.

But even before the completion of such a study, we can begin to develop a strategy for rural development that concentrates on helping those who need help.

Elements in such a strategy might include:

Development of a system of credit, training, and technical assistance for poor people's rural cooperatives and other self-help enterprises. The proposed title VII of the Senate version of the Economic Opportunity Act is a start, but it only scratches the surface.

Reform of farm subsidy programs which favor corporate wealth over the small farmer.

Extension of minimum wage laws to farmworkers to alleviate the exploitation of human beings that is the backbone of large-scale corporate farming in many parts of the country.

A shift in the priorities of federally supported agricultural research from a concentration on large-scale technology to technology suitable for smaller farms. It is unlikely that the shift to large-scale farming would have happened in many crops had not the research sponsored by the Department of Agriculture been so oriented to large-scale farming.

Reform of tax policies which provide incentives for the wealthy to speculate in land. Also required is a shift away from the property tax to more progressive income tax as a basic source of local government income.

Revision of rural development legislation such as that which proposes a rural development credit system to assure that it would become a vehicle for self-development.

Development of a land bank program whereby the Federal Government would finance local purchase of land for locally owned development projects. Like the urban renewal program, the land bank would provide "write-downs" for local projects. Unlike the urban renewal program, development projects would be sponsored and owned by publicly owned local or regional development corporations responsible to the communities involved. Through these development corporations, migrant workers could be given an opportunity to settle and obtain land ownership.

Exploration of the antitrust aspects of the concentration of land ownership looking toward the possibilities of comprehensive land reform through both legal and legislative action.

Senator, it is not easy to conclude that an important part of the solution to rural poverty is in the redistribution of land. Such a solution seems to lie so far into the future, and each day that goes by is another day of suffering for migrants and other rural poor people. But after 7 years of trying to cure poverty with band-aids, we cannot continue to delude ourselves as to the real nature of the disease.

Ironically, the United States has been preaching the virtues of land reform to less developed countries since the end of World War II. The forces that resist land reform in Latin America and Asia are similar to the forces that have prevented it from becoming a subject of serious discussion in this country. But, for better or worse, land reform is as much a key to the elimination of rural poverty in America as it is anywhere else on the globe.

Thank you.

Senator **Stevenson**. Thank you, Mr. Faux, for your very powerful and excellent statement.

You are very pessimistic about the possibilities of economic industrial development in rural America as a means of helping the poor, small landowners, or farmworkers. You are concerned about the ownership and distribution of land.

However, I find in many of my travels around the country that industrial development permits small farmers to retain their land, and offers opportunities for supplemental employment that may be provided by local industrial development.

I certainly see this in Illinois. It is not, I suppose, just a case of the local business providing you or your wife or children opportunities for work because you live there, but also because in some cases local businesses and industrial developments can provide small farmers with markets for their products.

Could you expand upon this just a little? I really don't quite understand why. I can see how you would be concerned about the concentrations of power in the community by the industrial developments in rural America, and the problems created by absentee ownership that you have talked about, but not all industrial developments are owned by big absentee corporations.

Is there a differentiation to be made?

Mr. **Faux**. I think there are several things there. I am not pessimistic about the possibility of industrial development for the rural areas in the long run. I think that what is happening in our cities suggests that over the next decade there is going to be more of it, at least in some areas. It is a question of who gets the benefits.

First, we have to recognize that rural areas have been engaged in cutthroat competition for industry for a long time. One result is that the price to the communities of having a firm locate in their area has risen substantially. Rural communities often go to great extreme—in building facilities, in granting tax concessions, in financing housing for executives while much of the community lives in wretched shacks—in order to subsidize the location of business in their areas.

As a result there is a tremendous tax burden on localities. Money that could go for schools and health and so forth is used to create industrial parks, many if not most of which stand empty because neither the area nor the subsidy is attractive enough to lure in decent firms. When firms come in they are likely to be footloose firms in search of cheap labor and tax benefits. And when there is the slightest rise in wage rates or when the tax benefits run out, the firm is gone.

In terms of public policy, these subsidies provide no net benefit to the poor, since the poor localities are simply stealing employment from each other. The subsidies are, however, a net drain on public funds in these same localities which have their back to the wall financially.

Since all or most of the efforts in these communities are aimed at bringing in outside industry, rather than at developing local ownership, where they are successful they create a base with no loyalty to the locality. Therefore, at the first sign of trouble, the outside firm pulls out, leaving the township with a 30-year mortgage on an industrial park with no tenant and no employment.

In the case of New England, there has been a definite trend toward absentee ownership. In Vermont and in Maine, and other States, most of the manufacturing businesses, shoe businesses and textiles and things of that sort were owned by old local families. They made reasonable profits and were a benefit to their communities. But because of the national trend of mergers and industrial conglomeration of the last decade these small family businesses have been bought out by large conglomerates who don't have the concern to remain in the community or to develop management jobs and other benefits for local people.

In Maine, for example, the State and its Industrial Building Authority has provided a number of financial incentives and other kinds of incentives for industry to come into a rural area. In many instances the industry stays until the tax incentive wears out. If they have a 5- or 7-year tax abatement when the tax benefits are through, the industry goes because it is no longer rooted into that community.

So I think you have to make a distinction between locally owned and outside-owned industry. This distinction is not only important in terms of getting the maximum local benefits of a given amount of industrial activity, but also in creating new activity.

It has been pointed out by many modern economists that corporations make many decisions on other than strictly short-term economic criteria. Often, a firm will ignore profit opportunities because they do not conform to other objectives such as sales growth, product concentration, the creation of a certain marketing strategy and, very often, the personal preferences of top management for the kind of business they want to be in and the kind of place in which they want to live. It is reasonable to assume that national firms will have national objectives and local firms will have local objectives.

Thus, where a firm is owned locally, particularly if the ownership is widespread in the community it is likely to have local employment and other benefits as its chief goal. So that, for example, when there is an economic crisis, the first thing a national corporation will ask is: "Should we close the plant?" The first thing a locally owned firm will ask is: "What else can we make here?"

Another distinction that has to be made is between areas on the basis of their industrial and economic potential. Some areas clearly have industrial potential for any type of ownership. Others have profit potentials too low for national corporations but which locally-owned firms, with their greater incentive to bring benefits to the community, could successfully exploit. Others, unfortunately, are devoid of much industrial potential given the present state of technology.

But even many of these latter areas could provide a decent modest income on the basis of either their agricultural potential or their recreation and tourist potential. But again, in order for the benefits to get to the local people there must be local control.

In Maine, for example, the indigenous poor, despite some industrial development, are being pushed out of their communities. Some jobs they get allow them to stay, but for the most of then it is just not enough.

Senator **STEVENSON**. Don't you find that the rural poor want the location of industries in their communities, they want the jobs, the higher land values, the taxes in the communities, which the new local industries are going to provide?

Mr. **FAUX**. That is correct.

Senator **STEVENSON**. Doesn't the location of industry enable people to remain in those communities if they do provide jobs?

Mr. FAUX. Yes; I think it can. But we have to ask some questions first, such as: Will the industry in fact create new jobs? Will the jobs be permanent? Will they go to the local people?

I think we have to recognize that the history of State industrial development programs, of the ARA program, of the EDA program, has been a history of broken promises to local people through vastly overinflated promises about jobs. And there is little evidence to suggest that financial incentives have worked at all to lure sound industry into areas where they would not otherwise have gone.

Large firms make their locational decisions on the basis of internal needs and market projections over 10 to 20 year period. They are not attracted by a temporary tax subsidy, although if they do decide to go into a depressed area, they will of course pick up the subsidy too. So what you end up with are the small, footloose operators whose net benefit to the community is doubtful.

I am sure there are some exceptions to this last point. A few marginal firms have probably been lured to some area with financial incentives and then developed a stable market with permanent jobs. But these stories are few and far between. And even in those cases, outside ownership makes the community always vulnerable to a sudden pullout.

I think that there are at least two ways to deal with this problem. One is to adopt a system of tough regional industrial zoning programs, where industry is told where to locate or at best given a limited number of alternatives, thus avoiding the ruinous cutthroat competition between communities.

The second, which I think is essential in any case, is to create local institutions—development corporations—that can control or at least heavily influence the distribution of benefits from local economic activities.

For example, local development corporations that can act as a bridge between the poor and corporations that come in. For example, in my years at OEO, I must have visited 50 or 60 rural communities, many of which had plants move in in recent years. And I often found that the people who get those jobs are often not people in the communities themselves. Even construction jobs.

I remember in Colorado in the San Luis area, which is a very poor area, there was a construction job going out on the local highway and we found after looking at it that 90 percent of the jobs on that construction job were going to people in Denver and people outside the area.

There is just no economic institutional base in those rural areas to help the poor get those jobs and get those opportunities. Development corporations that owned the land on which the corporation operated or had an equity interest in the plant or controlled the tax benefits could demand that the plant hire local labor, develop local talent for managerial jobs, contract with local suppliers, and so forth.

Local development corporations of this type could also act to safeguard the community and the work force from water and air pollution and from the use of harmful materials in production and processing. And to the extent that local people owned part of the corporation, they would have access to records and would be in a better position to judge the validity of management claims that any infringement on their prerogatives would force them to shut down the plant.

Senator STEVENSON. In your prepared statement, you mention a need for a system of technical assistance and training in order to assure the success of promising ventures in rural America.

Can you give us some examples of what you mean by promising ventures in rural areas?

Mr. FAUX. Yes. I think the discussion you will hear after me, Senator, will give you some of them, but I can give you other examples.

In New Mexico, for example, there is a program which has a number of woodwork ventures, and a cattle industry that is developing and should be eligible for Department of Agriculture and EDA subsidies, but has had a very difficult time in getting them, mostly because it is a poor people's organization. They have had difficulty getting the local Federal bureaucrats to help.

In Appalachia, in Knox County, Ky., there is a plant that is owned and controlled by poor people, mountain people, that has developed an extremely profitable toy and woodworking business, selling to Bloomingdale and Macy's and all over the country.

In Mingo County, W. Va., there is a local development corporation that has a number of industrial enterprises and owns a bus transportation facility. There are literally dozens and dozens of these things that have developed over the last few years, and I would be happy to provide for the record a detailed description of them.

Senator STEVENSON. What are the greatest needs? Is it credit or skills?

Mr. FAUX. Credit is one need. Training and technical assistance is another need.

Senator STEVENSON. We have sources of credit available. We heard yesterday from Mr. Navarro and Mr. Santana about some of them.

Mr. FAUX. The sources of credit that are supposed to be available for the poor, Senator, rarely get there. I think I gave the example of the title III-A rural loan program that is financed by the Economic Opportunity Act.

Senator STEVENSON. Is the unavailability of credit due to local mismanagement, or lack of concern, or a lack of funding by the Congress?

Mr. FAUX. I think it is a result of two things. One is mismanagement and lack of concern, I think especially in the South and parts of the Southwest. Local regional administrators just don't care to deal with it. The Farmers Home Administration for example——

Senator STEVENSON. What about the SBA? Does it get into the rural areas?

Mr. FAUX. Very little. The SBA in many of the regional offices refuses to deal with the poor peoples cooperatives. They refuse to deal with cooperatives of any sort and community development corporations in which poor people get together and develop the cash between them and try to invest in enterprise.

A number of people are trying to get the SBA now to reverse their policy. It is nothing in the law. It is just a general disinclination to deal with these kinds of organizations.

Senator STEVENSON. If it is a matter of local mismanagement or indifference, what can we do about it? We set up the programs and appropriate the money and nothing happens.

Mr. Faux. I think the Congress has to be willing to restructure the bureaucracy. For starters, you could take the title III–A program away from the Farmers Home Administration and give it to the Office of Economic Opportunity. I think you could go beyond the present title VII, the Senate version of the Economic Opportunity Act, and provide more in terms of technical assistance programs.

Technical assistance is very critical. It is really the thing that has made rural America and made the agricultural revolution we have had over the last 20 years. It is not going to the poor.

Senator Stevenson. Is the Agricultural Extension Service indifferent to the problems of small farmers as opposed to large farmers? Do you find the same discrimination and neglect in the case of the Department of Agriculture?

Mr. Faux. I find that that varies. I think in some cases the same discrimination is there, but in other cases—for example, in some of the more Northern States I think the local Extension Services are beginning to recognize some of the problems of rural poverty and the fact that the rural poor have not been getting their fair share.

But there is still a long way to go. In many of your rural States, especially States that are becoming more urban, you find the Extension Service now being pushed both ways. There are demands from local communities for help with zoning and matters of that sort and demands from the existing farm communities for technical assistance. I don't think the Extension Service works at all in the South. In the South we have to be prepared to invest in separate organizations that will provide technical help to the poor.

Senator Stevenson. When you talk about technical assistance, what kind are you talking about? We have programs that are established to render technical assistance to farmers. Are you talking about that, or technical assistance to set up a small business enterprise?

Mr. Faux. I am talking about both. The programs that are set up to provide technical assistance to small farmers, as I said, are not getting to the poor farmers. But I think that is essential. But I also think there has to be technical assistance provided for the development of nonfarm enterprises.

Because, if I am correct, that in the next decade there is going to be more shift toward development in the rural areas, it is essential that the poor develop the skills and capacity to take advantage of these things. That includes small business, but it also includes capacity on the part of local communities to understand planning, to understand zoning, to understand the kind of controls that any local government wants to have over land, and that is not happening.

I think those kind of technical assistance programs are essential.

Senator Stevenson. Senator Hughes, do you have any questions?

Senator Hughes. Thank you, Mr. Chairman.

If I had any, they have probably already been covered in his statement. I am sorry I didn't get a chance to read the statement before I got here.

I do know on the front page, Mr. Chairman, one statement that arouses my curiosity. Y[illegible]nd I both being former State politicians, I would like to know [illegible] benefits we missed in the Department of Agriculture. I wasn't a[illegible] that I got any, but if you feel I did, I would like to know what [illegible] were.

Mr. FAUX. Sir, I can't speak for that. I can tell you that as someone who worked with OEO programs and was involved in financing economic development programs especially in the South, that many of the decisions on those programs were made in terms of what was best for State politicians there.

Senator HUGHES. I was talking primarily about the Department of Agriculture rather than OEO, HEW or so on.

Mr. FAUX. Well, I think that the basic decision on allocation of resources at the State level, at the level of the Extension Service, the Farmers Home Administration, in my experience in the South, has been made on political grounds, and if you would like, I can furnish some more about that, some background.

Senator HUGHES. I would be interested in seeing how that works, if there is a straight political decision. I think it is going to take some political decision to change some of this, you know.

In other words, academic studies don't prove the benefits of things such as brain drain and so on to an area of the country, but hard fact political decisions can do that.

Do you think our agricultural programs at all have been successful in the last 20 years?

Mr. FAUX. Well, I think they have been successful in developing technology that to some extent has lowered the price of farm products.

Senator HUGHES. Have they done anything at all for the rural poor?

Mr. FAUX. Very little.

Senator HUGHES. In this I include not simply those who are farm fieldworkers, but those who even grow crops at the rate of $5,000 and $10,000 a year in every State in the Midwest as well as the rest of the country.

Mr. FAUX. Very little, Senator. In recent months I have been doing some work in the State of Maine. The plight of the potato farmers up in Aroostook County is a perfect example of the way the agricultural system works to the detriment of the small farmers.

There are about six steps between the time a potato leaves the farmer at Aroostook County and gets to the local supermarket in Boston, and sometimes, of course, it is a year before that happens. Until recently, the contracts and the law provided that the potato farmer who might sell to a broker was responsible for the condition of each potato that came to the local supermarket.

Of course, the prices rose at each transaction, and sometimes a year later a farmer would be slapped with a bill for some damaged potatoes, and he would be liable for it with the result that he might lose his land.

The Maine State Legislature has just changed that law to give them some support. But one of the clear solutions to the plight of the Maine potato farmer is cooperative marketing, but there have been very few attempts by the Agriculture Department to develop that kind of cooperative marketing power in Maine, and the whole industry is just rife with brokerages and dealers. There are all kinds of nooks and crannies in the market where a few fast bucks can be made.

I think that the answer to that has to be political, because there is just no other way for those potato farmers to get the kind of power that they need, and if it is a political decision to have the Department of Agriculture help them to form a cooperative to strengthen their marketing power, I think that is perfectly correct. That is what we need.

Senator HUGHES. Have you done any research on the landownership in the regions of the country where you have worked?

Mr. FAUX. Just a little. As is explained in my testimony, we have looked into the State of Maine primarily, and we find, for example, that 52 percent of the landmass of the State is owned by approximately a dozen pulp and paper companies.

Senator HUGHES. Fifty-two percent?

Mr. FAUX. Yes. A professor at the University of Maine has estimated that 80 percent of the land is owned by absentee landowners. The process that I was describing is that there is a recreation and tourism boom in Maine, and what happens is that the price of land goes skyrocketing and the poor man suddenly can't pay his taxes or keep up with the cost of living and is being driven out of his own community.

Population data suggests that the poor rural Mainer is being driven away from the coast into the hinterland of Maine, because he can't keep up with the cost of living and the rise in land values.

Senator HUGHES. Is this being contributed to by agricultural support programs?

Mr. FAUX. I don't think that the boom of recreation and tourism is directly a result of those programs. It is clear, however, that subsidies increased the value of rural land, and in a sense, create an artificially high value for rent and taxes and drives the little man out.

The large corporation, of course, can pay the taxes, but the small farmer is always struggling, and a little increase in land taxes drives him out. The real estate developers and the large corporations then can buy up the land, and further concentration of landownership is encouraged.

One of the other aspects of this is the dependence upon the property tax, a regressive tax, as the main source of local government and State government revenue. Under those circumstances, local governments are squeezed, and so the only option they seem to have is to increase the property tax. Of course, this drives the small farmer out.

Senator HUGHES. As I stated to you earlier, I didn't have a chance to read your statement, but is there much migratory labor involved in Maine?

Mr. FAUX. Not very much.

Senator HUGHES. Is it all mechanized already?

Mr. FAUX. No; it is not all mechanized, but some.

Senator HUGHES. Back when I was a boy, potato farming used to require a heavy amount of migratory labor.

Mr. FAUX. There is a migratory labor force in Maine, and they still require some of that, but they have mechanized to some extent. It hasn't been anything like with cotton or tobacco or carrots.

Senator HUGHES. Digging, sorting, grating, all of that is mechanized?

Mr. FAUX. Yes, a large part of it is mechanized. I can't tell you just how much.

Senator HUGHES. Thank you, Mr. Chairman.

Senator STEVENSON. This may be an impossible question, but to what extent is the little landowner really driven off the land in Maine, and to what extent is he sitting there just waiting for someone to come and pay him a good price for the land so he can go to the city?

Mr. FAUX. I can't answer that in any accurate sense. I think that is certainly happening. But what is happening more is that the man with the small plot is forced to sell out to somebody who can afford to keep paying the taxes.

When you talk about the small land owner, in many people's minds it covers a lot of income classes, but the small man who is at the margin just cannot keep paying those property taxes, speculating on the land, and waiting for a payoff 5 years hence.

If the figures of 80 percent in terms of absentee ownership of Maine is correct—and the economist at the university is a very reputable researcher—if that is anywhere near correct, then there is not a lot of that happening; that is, the small man waiting for the moment to cash in.

Senator HUGHES. Can I ask a last question?

Senator STEVENSON. Yes.

Senator HUGHES. The staff pointed out to me something I have been interested in for a long time. The last paragraph of your statement which says:

> Ironically, the United States has been preaching the virtues of land reform to less-developed countries since the end of World War II. The forces that resist land reform in Latin America and Asia are similar to the forces that have prevented it from becoming a subject of serious discussion in this country. But for better or worse, land reform is as much a key to the elimination of rural poverty in America as it is anywhere else on the globe.

Give me an idea of what you mean by land reform. How are you going to get rid of this absentee ownership? You know, if 82 percent of land in Maine is controlled and owned by absentee ownership, how are you going to get 60 percent of it back in the hands of people who live on it and make a living on it?

Mr. FAUX. Well, I think there are several ways that has to be attacked. One—I am not a lawyer, so I can't give you much on this—is the antitrust aspects of landownership. I understand, for example, in the State of Hawaii, there have been several cases developed against large corporate landowners, antitrust cases.

Tax reform is another avenue of attack.

The other thing in terms of public programs I would suggest is an exploration of an idea that is similiar to urban renewal, where the local government or some other public agency has the power to condemn land and to negotiate a purchase at a reasonable price with the owner and then sell the land at a "writedown" to a development corporation which would then develop the land for the benefit of the people who live in the community. The land might be developed by the public develcpment corporation or leased out to local people who would develop it individually.

Now, one problem with urban renewal, of course, is that the poor never participate in it. There are a lot of quick dollars to be made, and the combination of real estate and banking interest have turned the program into a disaster. But I think you could develop a program for rural areas which would provide for the purchase at a reasonable price—not inflated prices—of land and make it available for those in local areas to develop. Outsiders would be involved, but only with the local development corporation's assent.

In 1964, Senator, one of the original provisions of the Economic Opportunity Act, and I believe that it was suggested by someone at the Department of Agriculture, was for a land bank program, a program whereby the Federal Government would subsidize the purchase of rural land and turn it over to poor and almost poor farmers or rural people to develop.

That provision never made it through the legislative process at that time. I am not familiar with all the reasons why it didn't.

Money was probably one of them. But I would suggest, for example, that that idea be revived. I think that you could develop a full-scale program along those lines.

Senator HUGHES. Do you know of anyone who has done that?

Mr. FAUX. We are working out some of these ideas in Maine.

Senator HUGHES. I would be interested in getting any material you may have developed or be aware of that has been developed in research in this area, if you come across it anywhere.

Mr. FAUX. I certainly will. I think within the next couple of weeks we ought to have a study on the possibilities for this in New England, and I will send it to you.

Senator HUGHES. I think if it might be agreeable, Mr. Chairman, it might be well to file it with the committee.

Senator STEVENSON. Certainly. Also, I order your statement printed in full at this point in the record.

(The prepared statement of Mr. Faux follows:)

Statement of Geoffrey Faux
before the
Subcommittee on Migratory Labor
US Senate Committee on Labor and Public Welfare

Washington, D.C.
September 22, 1971

I. Present Policies Toward Rural Poverty

Public policy towards rural poverty is at a dead end. The "depressed areas" programs of the Economic Development Administration for the most part have become public works pork barrels with little space in the bottom for any social or economic change. The programs of the Department of Agriculture are operated for the benefit of large Agribusiness and state politicians. And the social services programs of agencies such as HEW, OEO, and the Labor Department consistently have shortchanged the rural poor, primarily because there is no political constituency for them.

There is little need to review before this subcommittee the results of the failure of these policies. Over the past few years the plight of migrant workers and others of the rural poor have been documented in all their horror before this and other Congressional committees. The record is all too full.

Among most legislators, Government officials, academic economists and others who concern themselves with public policy matters, there is general agreement both on the economic and social condition of the rural poor and on the failure of recent policies to change them. Certainly in the years I spent with the Office of Economic Opportunity, few people there or in the Bureau of the Budget, or even in the Department of Agriculture disputed these points. Unfortunately however, their proposed policies were based on the premise that nothing can be done about them.

The conventional solution to the plight of the poor in depressed rural areas is the "Welfare/Mobility" Strategy. It holds that since there are not enough jobs being produced in rural areas the invisible hand of the market has ordained that the rural poor must leave for places where work prospects are better. Therefore, public policy should support the outmigration of the poor to areas where jobs are growing. Since outmigration is happening anyway, this means an acceleration of present trends, rather than a new policy. For those who do not choose to migrate, the "Mobility/Welfare" Strategy provides welfare, at least in theory.

So-called "growth center" strategies, whereby subsidies are given to accelerate growth in already growing small urban areas, are really supplements to the Mobility/Welfare design. At best, the net effect of such an approach would be to divert some small amount of rural to urban migration away from the large cities to smaller ones.

A mobility strategy, without much welfare is in fact the strategy that the Nation is pursuing now. It is a strategy that systematically squeezes the rural poor so that their choice more and more is between migration and misery.

It is not surprising that bureaucrats and economists seek to solve the problem by accelerating present trends. Given the existing distribution of economic power the poor are increasingly irrelevant to the technological requirements of rural industry and, almost by definition, moving should give them a better chance to improve their earning power and productivity. For bureaucrats, migrant laborers and the rural poor in general can muster the the least political resistance and therefore are the naturally selected to bear the burden of a policy to stabilize the rural economy. For economists, the existing distribution of power is always a "given."

The Mobility strategy has dominated the allocation of resources in the War on Poverty. But it certainly does not reflect a unanimous view. Those who worked in rural areas or who took enough time out from shuffling papers to go into the countryside saw that the neat solution worked out in Washington made little sense in the Mississippi Delta, or in Eastern Kentucky or in South Texas. They found:

-- that a substantial number of the poor do not leave rural areas

-- that the rural poor are not necessarily better off when driven to urban areas where they have no skills, can find no jobs and have great difficulty adjusting to the city culture.

-- that the human cost of such forced migration is very high. And because of the difficulty the rural poor have in adjusting to city life, the cost continues into successive generations.

-- that because of these high costs of migration, a substantial number of the poor will not leave the countryside until forced to do so by hunger and extreme deprivation. In the country they can supplement their income with a garden, in some areas by hunting and fishing, and, perhaps most important, with a network of family and neighbors which is the backbone of rural life.

-- that contrary to the popular assumption, there are economic opportunities in rural areas. In some cases there are industrial opportunities, in some cases there are farming opportunities, and in a growing number of areas there are rapidly rising opportunities in recreation and tourism.

-- that public policies in the form of tax policies, direct and indirect subsidies to corporate interests, and discrimination against the poor in technical aid programs were systematically excluding the poor from taking advantage of these opportunities.

-- that the Mobility strategy was encouraging the concentration of ownership and power in the hands of fewer and fewer private interests. And that as economic power concentrated so did political power, so that local officials in rural areas spoke for the powerful and the rich and opposed even the small "band-aid" OEO programs if they couldn't control them.

-- that concentrated ownership was becoming absentee ownership, weakening any sense of responsibility that landowners might have had for their less fortunate neighbors.

Thus, what looked like the invisible hand of the market from Washington, was an effective government-supported policy to drive out unneeded surplus labor from the countryside and to assist in the concentration of ownership so that fewer and fewer people could make more and more profits from the land.

A good example of how antipoverty policies ignored this reality is the history of the rural loan program authorized by Title III-A of the Economic Opportunity Act. The rural loan program was set up to provide financial assistance to low-income farm families and low-income farmers' cooperatives. The program was poorly designed from the beginning. It was then delegated to the Farmer's Home Administration which proceeded to completely disregard the intent of the program to help the rural poor. For example, the General Accounting Office found that despite the desperate need of poor farmers for technical assistance, the Farmer's Home Administration gave substantially less help to poor farmers than they did to middle class and rich farmers. The poor were left to rely on their own resources and skills, while the wealthy farmers were supported by a government agency.

Depsite this and other evidence that the program had been mishandled, OEO decided that the notion of Federal aid to poor farmers had "failed" and agreed with the Bureau of the Budget that the program should be dropped. This meant that a revolving loan fund with almost one hundred million dollars worth of assets, generated out of previous years' appropriations and the repayments of poor farmers and therefore not charged against the current year's appropriations, would be sent back to the Treasury which continues to finance farm subsidy programs. Thus, money that poor farmers are repaying back to the Government is available for loans and subsidies to the rich.

Fortunately, the current Title VII of the Senate version of the Economic Opportunity Act based on an amendment sponsored by Senators Kennedy, Javits and Cranston contains a provision for preserving the Rural Loan Program in revised and more sensible form.

II. Community Economic Development Programs.

As a result of the experiences of many who worked directly with rural poverty problems a number of attempts have been made to establish programs to help poor people take advantage of economic opportunities in rural areas and thereby to gain some jobs, some ownership and some economic power.

The programs were based on the assumption that some control over economic resources was essential for the kind of social change necessary to make significant change in the plight of the rural poor. While this assumption was based primarily on the experiences of people in the field, analytical studies are beginning to validate the assumption. For example, a study of the voting patterns of Black people in several Mississippi counties showed that willingness to register and vote is not a function of income but of land ownership. Thus where Blacks owned some land, even though they might be poor, they were more likely to vote and to participate in their community as equal citizens. Where income was higher but not related to ownership, participation was low. A point for those who think welfare alone is the solution to the problems of poverty.

The series of community-based economic development projects that OEO has helped finance can hardly be called a program. The Mobility strategy would not permit it. Some of the projects were funded from Section 232 of the Economic Opportunity Act, some from the versatile funds of rural Community Action Agencies, and some from the Title I-D Special Impact Programs. And of course there are many poor people's programs that have never seen OEO money. OEO's support for these programs was a response to a rising and strong demand from poor people's organizations rather than any deliberate intent on the Agency's part.

Projects were of all different shapes and sizes and involved a wide variety of enterprises. Catfish farming in Georgia and Mississippi, vegetable farming in Mississippi and Alabama, cattle raising in Mississippi and New Mexico, light industrial enterprises in Minnesota, West Virginia and South Carolina. Typically, OEO support went for both technical and financial assistance.

Since you will be hearing from some of the people who have been working in these projects, I will limit myself to a few general comments.

The road is difficult -- and painfully slow. Given the ad hoc nature of the projects, there was not enough technical expertise in designing the projects. And expectations were unreal, both on the part of OEO and the grantee. To make matters worse, OEO often insisted upon service program criteria for business ventures. It was several years before the OEO legal staff finally came around to accepting the notion that poor people had a right to make profits from their own business enterprises.

Most bitter of all was the opposition of existing Federal and State agencies whose job it was to help poor people get on their feet. Not only did they not help, but in many cases, particularly in the South, they assisted in the local harassment of the projects.

But despite the difficulties and hardships, the poor for the first time in many places have been able to develop and take advantage of economic opportunities on their own. The fact of this independence and growing realization that the poor will not quit on these enterprises has led to a grudging but growing respect on the part of local officials, extension agents and the like.

These projects have made great strides, but there is still a long way to go. Not only do they not get the technical aid from the Federal government that wealthy farmers and corporations get, but there is no rational system of financing available. Agribusiness of course has its own form of financing. And rich farmers and their cooperatives get plenty of financial support from the Department of Agriculture. But the poor are effectively cut off from such aid, whether as individuals or when they attempt to band together into a cooperative.

What is needed is a system of low-cost financing specifically geared to the needs of poor people's enterprises, both farm and nonfarm. A system of technical assistance and training is also essential for the success of these promising ventures.

In this regard, I believe the recently introduced bill providing for a Rural Development Credit System is deficient. There is little in the bill that suggests that the institutions created would be any more helpful to the needs and interests of the poor than are the present institutions. Indeed, its heavy reliance on existing multi-county planning districts, such as those sponsored by the EDA and the Appalachian Regional Commission, neither of which involve the poor or have been protective of their interests, suggests that for the poor, the Act will be more of the same.

Finally, in its emphasis on industrial development, the Act avoids what many have come to conclude is the basic issue in rural development, an issue that concerns not just the millions of poor who live in rural America, but all of us who live in America and are concerned with her future. The issue is land.

III. Rural Poverty and Land Ownership in Maine

Since you have heard or will soon hear, descriptions of conditions in the South and in the West, I should like to use a New England example, that of Maine, to show the interplay between poverty, land ownership and economic opportunities.

Maine is the poorest state in New England and ranks 37th in the country in terms of per capita income. Since most of the poorer states are in the South, where the milder climate reduces the cost of living, Mainers are probably worse off than the per capita figure implies. The state has all of the problems of poor housing, ill-health, joblessness and, so on associated with poverty. It does not have a major racial problem (although it does have a small number of reservation indians who have had their share of mistreatment) so that the problems of poverty are more clearly a class, rather than a racial phenomenon.

Although Maine has been poor and rural for a long time and has been experiencing out-migration for a long time, those who chose to remain in Maine have gotten by because the land is cheap and they had access to it. Therefore, they could hunt and fish for meat, raise and can fruits and vegetables and had a cultural environment that allowed them to "make do" with old clothes and old cars the way rural people everywhere do.

Since the mid-1950's, the State has been trying to attract industry through tax and financial incentives of the EDA type and of the same sort that the proposed Rural Development Credit System would sponsor. It hasn't worked very well. A few firms have come into the State, but it is not clear that it has been in response to any of the incentives offered by the State. In several instances firms have come in and operated for the duration of the subsidy and left as soon as the subsidy ran out. Recently the largest loan guaranteed by the State Industrial Authority -- to a Sugar Beet factory -- went sour and the State is now stuck with the mortgage.

Far from making progress in the industrial sector, Maine is actually falling behind. Between 1967 and 1969 according to the State's own Department of Economic Development, the number of production workers employed in manufacturing industries dropped from 121,100 to 118,020. Perhaps more significant, expenditures for plant modernization and equipment dropped over the same period from $146 million to $106 million.

The pulp and paper and lumber industries which account for one third of the value of manufactured goods in the State have drastically reduced their investments. Indications are that several major firms do not intend to continue significant activity beyond the life of present plant and equipment. Instead, they are moving into recreation and tourism.

In recent years Maine has become a tourist and retirement mecca. People from the cities of the Northeast corridor have flocked to Maine in increasing numbers to escape congestion, overcrowding and pollution. Between 1964 and 1969 spending by tourists in the State almost doubled and it has continued to rise since. Tourism is now the number one industry in the State, and prices have skyrocketed as a result. Land that sold for $20 an acre in 1961 cannot be had for less than $200 today. Stories abound of how land speculators and wealthy people from Boston and New York bought land dirt cheap from poor farmers a few years ago and have made fortunes on the increase in value.

The effect of this on the poor is profound. Whereas the poor rural Mainer previously could stay in his community supplementing his income with a garden, by hunting and fishing and by digging clams, the rise in taxes, rents and the general cost of living is squeezing him mercilessly. And the land itself, which used to be open for hunting and fishing for Mainers is now being fenced off for the pleasure of outsiders.

Even his own government, based in the New England town meeting of which the Mainer could be justly proud, is being undermined. Townships are without zoning powers, which they never before needed and even now lack the sophistication to understand. Where they have regulatory powers, the town selectmen have neither the skill, nor the economic power to avoid being dominated by the corporate interests. During a recent survey of Maine local government, a researcher asked a local selectman how he thought the board was going to vote on a particular issue. The selectman replied that he didn't know yet since he hadn't called the Boston headquarters of the town's largest firm.

Gradually the poor rural Mainer is being driven out of his community. Evidence on population movements suggests that the Maine coast is undergoing a shift in population with low-income indigenous Mainers being pushed into the sparsely settled back woods areas, where opportunities are practically nil. It sometimes reminds one of the cycle of uprooting and resettlement that destroyed the native American Indian during the 19th Century.

Such reality of course doesn't feed into the policy making machinery of planners and strategists. The State is still trying to attract industry to Maine, when everyone with a dollar to invest in the State is putting it into land and recreation. And the attention of most of the Regional offices of Federal Agencies is riveted to the Mobility Strategy and industrial development.

The tragedy is that tourism and recreation is the most important force to hit the state in a century. It could open up all kinds of opportunities for the underemployed, especially now that recreation in Maine has become a four season activity. But the poor can't get a handle on these opportunities because they are controlled by out-of-staters in the context of rampant disregard for the indigenous population.

But where are the benefits of the recreation and tourism boom going? For the answer one need only look at the land ownership patterns. Fifty-two percent of the State is owned by paper companies. A recent estimate put the total absentee ownership at eighty percent of the State's land area. Outsiders own the land and control the benefits.

Wages are kept low, in part by importing thousands of out of state college students who compete with the local population for summer jobs. Jobs with any kind of career potential go to people brought in from the outside. There is no training or financing available for local people to take advantage of the business opportunities generated by the recreation and tourism.

For the State as a whole the tourist industry has developed in a quite irrational manner. Development is random and unplanned. More motels, hot dog stands, service stations, gift shops and camping grounds pop up every day as corporations and entrepreneurs chase each other all over the Maine coast in an effort to get locational advantage. Overdevelopment has already occurred in some areas resulting in overcrowding, congestion and pollution. Another result of this chaotic competition is that it becomes harder for any small businessman to make a profit since overbuilding drives returns down. Only the larger corporations have the staying power to hold onto the land for its long term benefits.

Not only are the profits from tourist enterprises going to out-of-staters, but the capital gains resulting from the steadily rising value of the land which is Maine's primary resource, are also lost. If tapped, such values could generate badly needed funds for public services. But the State relies on an archaic and regressive property tax which ironically favors the large, corporate landowner since small tax increases force the small landowner to sell, but are of minor significance to the corporation.

I think it is safe to say that what is happening in Maine is happening elsewhere. In Vermont, for example a recent study showed that 23 of 31 Vermont plants employing more than 250 people were owned by out-of-staters. Despite the Vermonter's image of himself as a free independent yeoman, he is practically a serf to corporate interests in New York and Boston. The interesting thing is that this pattern of absentee ownership has emerged just in the last fifteen years as a result of the trend toward mergers and conglomerates.

In Western North Carolina and other places in Appalachia, lumber and coal companies which have sucked the minerals and timber dry are now cutting up their holdings into vacation and retirement homes. As in Maine, taxes, rents and the cost of living rises and the poor are being further impoverished.

If there has been a broad survey of corporate land ownership in the United States, I am unaware of it. However, in my own limited observations, many of the same corporate names seem to crop up in different parts of the country. Among the major corporate landowners in Maine are Georgia Pacific, the International Paper Company and St. Regis Paper. In Harlan County, Kentucky, the largest land owners in the county are U.S. Steel, International Paper and Georgia Pacific. In Jefferson County, Mississippi, the largest landowners are Johns Manville, International Paper Company and St. Regis Paper.

The growth of recreation and tourism and the shifting pattern of development to less congested and polluted areas will in the next decade offer a tremendous opportunity for revitalizing rural America. But the rural poor who should stand to gain from these trends are being pushed out of the game by the corporate sector. Efforts to pour investment subsidies into rural areas without regard to who benefits will make a mockery out of the genuine need for the poor to participate in the development of rural areas. Like urban renewal, rural renewal could become a disaster for the poor.

IV. The Next Steps

Where do we go from here? How do we get out of the dead-end into which our rural policies have taken us?

The first step is to recognize the nature of the issue. Behind the "problems" of bad housing, poor education, insufficient jobs, lack of capital to start a business and so on is a system of unequal distribution of land and resources under a largely absentee ownership. This system has been created by tax policies, subsidy programs and technical aid efforts paid for by the U.S. taxpayer.

This concentration of power renders helpless, not just the poor, but all parts of rural society. Even where skillful men of good intent lead a local government, they cannot make the changes needed because rural communities themselves are in bondage to these corporate powers. And it is not in the nature of things for International Paper to tax itself for better housing in Maine, or for Georgia Pacific to concern itself with schools in Harlan County, or for St. Regis to worry about poor black sharecroppers in Jefferson County, Mississippi.

One next step is to get the facts. What information exists today concerning ownership of rural America is scattered and incomplete. The Federal Government which spends millions of dollars on rural socio-economic research of dubious value has done nothing on the basic question of who owns the land and the resources in rural America. I could think of nothing more relevant to the needs of migrant labor and the rural poor than for this subcommittee to embark upon a detailed and thorough study of the concentration of ownership in rural America and its relationship to rural poverty. There are hundreds, if not thousands, of people across the country who would be willing to help you and your subcommittee staff.

But even before the completion of such a study, we can begin to develop a strategy for rural development that concentrates on helping those who need help.

Elements in such a strategy might include:

-- development of a system of credit, training and technical assistance for poor peoples' rural cooperatives and other self-help enterprises. The proposed Title VII of the Senate version of the Economic Opportunity Act is a start, but it only scratches the surface.

-- reform of farm subsidy programs which favor corporate wealth over the small farmer.

-- extension of minimum wage laws to farm workers to alleviate the exploitation of human beings that is the backbone of large scale corporate farming in many parts of the country.

-- a shift in the priorities of Federally supported agricultural research from a concentration on large-scale technology to technology suitable for smaller farms. It is unlikely that the shift to large-scale farming would have happened in many crops had not the research sponsored by the Department of Agriculture been so oriented to large-scale farming.

- -- reform of tax policies which provide incentives for the wealthy to speculate in land. Also required is a shift away from the property tax to a more progressive income tax as a basic source of local government income.
- -- revision of rural development legislation such as that which proposes a Rural Development Credit System (S 2223) to assure that it would become a vehicle for self-development.
- -- development of a land bank program whereby the Federal Government would finance local purchase of land for locally owned development projects. Like the Urban Renewal Program, the Land Bank would provide "write-downs" for local projects. Unlike the Urban Renewal Program, development projects would be sponsored and owned by publicly owned local or regional development corporations responsible to the communities involved. Through these development corporations, migrant workers could be given an opportunity to settle and obtain land ownership.
- -- exploration of the antitrust aspects of the concentration of land ownership looking towards the possibilities of comprehensive land reform through both legal and legislative action.

It is not easy to conclude that an important part of the solution to rural poverty is in the redistribution of land. Such a solution seems to lie so far into the future, and each day that goes by is another day of suffering for migrants and other rural poor people. But after seven years of trying to cure poverty with band-aids, we cannot continue to delude ourselves as to the real nature of the disease.

Ironically, the United States has been preaching the virtues of land reform to less-developed countries since the end of World War II. The forces that resist land reform in Latin America and Asia are similar to the forces that have prevented it from becoming a subject of serious discussion in this country. But for better or worse, land reform is as much a key to the elimination of rural poverty in America as it is anywhere else on the globe.

Senator STEVENSON. Thank you, Mr. Faux. The figures you have given us about landownership patterns and the rich and the powerful and the big are shocking, particularly with our marketplace and with our policies as biased as they are. I fear it is a trend that is going to continue.

The rich and the powerful are the ones to buy up and exploit the land, unless we do something.

You also made some very helpful suggestions. I thank you.

Mr. FAUX. Thank, you.

Senator STEVENSON. Our next witness is Mr. James Pierce, the executive director of the National Sharecroppers Fund; Mr. John Wilson, its legislative director, and Mr. Don Blood, its southern field representative.

We are very grateful to all of you gentlemen for joining us this morning.

STATEMENT OF JAMES M. PIERCE, EXECUTIVE DIRECTOR, NATIONAL SHARECROPPERS FUND AND RURAL ADVANCEMENT FUND, ACCOMPANIED BY JOHN WILSON, LEGISLATIVE DIRECTOR, AND DON BLOOD, SOUTHERN FIELD REPRESENTATIVE

Mr. PIERCE. I have distributed the annual report to our national board entitled "The Condition of Farm Workers and Small Farmers in 1970." And with your permission, I would like to see it entered in the record.

Senator STEVENSON. It will be entered in the record following your testimony.

Mr. PIERCE. Mr. Chairman and members of the subcommittee, since its inception 34 years ago, the National Sharecroppers Fund and members of its national board and staff have been concerned about the horrible conditions under which the rural poor exist. We have appeared before committees such as this one many times, detailing those conditions and asking for relief. Unfortunately, in most cases, relief has not been forthcoming.

For the last 35 years, people have been coming before Congress seeking a better standard of living and fair treatment for working people. In many cases they have been successful. Congress has provided a minimum wage for industrial workers, but not for most of the farmworkers, migrants, sharecroppers, and tenant farmers. And, for those few who are covered by a minimum wage, Congress has set it at a subminimum level.

Congress has provided unemployment compensation for industrial workers, but not for most farmworkers. Congress has guaranteed the right to organize into unions to industrial workers, but not to farmworkers. And on, and on, and on.

America's programs to help the disadvantaged are geared for, and an overwhelming percentage of its money is spent for, aid to relieve the urban crises. Poverty programs, welfare, manpower, Neighborhood Youth Corps programs, and most others are centered in the cities. And they need them—every one of them and more.

Even those programs designed by Congress to aid the rural areas seldom address themselves to assisting the rural poor. The Department of Agriculture budget for 1970 was $7.5 billion. It had a staff of 125,000 but most of its time and money was devoted to expanding and improving the operations of the farmers and corporations with gross sales of $10,000 or more whom its officials consider serious commercial producers.

USDA acreage reduction and price support programs bestow the largest subsidies on the largest farmers. In 1970, the top 137,000 farmers, or less than 5 percent of all farmers, received 46 percent of the $3.7 billion in subsidy payments. A California cotton producer led with $4.4 million, but the small farmers got acreage reductions—and the farmworkers got nothing.

USDA research develops new crops, fertilizers, insecticides, irrigation programs, and labor-saving machinery for large farm operations; programs designed in effect, if not in purpose, to speed the demise of the small farmer and drive him and the farmworker into urban areas. County agents by the thousands, financed by the Federal Government through grants to land-grant colleges, cover the countryside helping the large farmers with scarcely a word to the small farmer.

The Federal Government has never articulated a national policy for the preservation and improvement of rural America, but they have implied a policy of free enterprise for the small and poor and socialism for the large and rich; a national policy that, in effect, denies the rural poor adequate housing, proper medical care, equal educational opportunities, and access to most Federal programs. It is destroying small farms by the thousands and driving millions of people off their lands.

Let me give you an example: the largest single commodity produced in North Carolina is tobacco. It provides a living for hundreds of thousands of people. North Carolina State University in Raleigh is the predominantly white land-grant college in North Carolina.

Over the past 10 years, North Carolina State has spent over $750,000 of Federal money developing a mechanical tobacco harvester to replace hand labor. The prototype is finished and has been turned over to a company for mass production. North Carolina State expects to spend another $250,000 perfecting it over the next 2 or 3 years.

Within the next 2 or 3 years, the tobacco harvester they developed will displace over 150,000 North Carolina families. Substantial but lesser numbers will be displaced in Virginia, Florida, South Carolina. and Georgia. What will happen to these thousands of people. No Federal money has been spent—not by North Carolina State or anyone else—to prepare them for the future. There is no industry in North Carolina to employ them.

Where will they go? To the cities that absorbed the displaced farmworkers when other machines replaced them. But the cities no longer have space to house them, hospitals to serve them, schools to educate them, or industries to provide them with decent jobs.

If anyone wonders why there is turmoil in the cities, they have only to look to the conditions that exist in rural America and their Government that has ignored rural America too long, and is continuing to do so.

The National Sharecroppers Fund and the thousands of people who regularly contribute to its program feel that there is an alternative to rural decay, outmigration, exploitation of farmworkers, and overcrowded cities.

That alternative requires, however, a compassionate President, a concerned Congress, and cooperative Federal agencies. It requires a comprehensive program of aid for development capital, education, job training, health care, and housing. It requires a new Government policy in agriculture that puts people ahead of profits and the quality of life ahead of agribusiness. It requires widespread support by urban as well as rural citizens, whose interests are truly linked.

That alternative is the cooperative, or in some cases, a community development corporation or local development corporation. And these are already developing. It is small but growing. It is unassisted in most cases by State and Federal Governments and it is discriminated against in the money markets of America, but it is growing. It is a grassroots movement among the small and the poor in rural America to form cooperatives and community development corporations.

Thousands have joined together in more than 100 farming and handicraft cooperatives, credit unions, consumer cooperatives, and small industrial cooperatives in order to help themselves. Their duplication on a national scale could lead to the decentralization of cities into smaller and more balanced communities sharing the best features of both urban and rural life. They provide an alternative to migration and starvation.

Cooperatives work—especially if they received adequate help in their formative years.

Throughout the South, small farmers, tenants, and sharecroppers are changing from row-crop production to specialty-crop production, marketed through their own cooperatives, and substantially increasing their income as a result.

In Appalachia, and in many rural communities, handicraft cooperatives are providing the necessary income to thousands of families that means the difference between maintaining their present home and migration to the cities.

Next year, some migrant farmworkers from Florida will travel north as members of an NSF-sponsored farmworker cooperative. They will still face discrimination, poor housing, and most of the other abuses that have become their lot over the years.

But next year, for the first time, they will make their own contracts, own their own equipment and, instead of being exploited by unscrupulous crew leaders, will be supervised by people elected by themselves.

Cooperatives take many forms because they are handmade by the membership, use available land and skills, and meet particular needs expressed by the people. But, whether they are credit unions, sewing operations, catfish farms, agricultural co-ops, or some other type of enterprise, they all serve as vehicles to relieve poverty in rural America; they provide food, clothing, and shelter to thousands of children who would otherwise face a bleak future in some urban ghetto.

America is paying the price for neglecting its rural citizens. The price is urban ghettos, crime, unemployment, disease, poverty, and expanding welfare rolls. The price is too high—too high in dollars and cents—too high in human suffering.

America needs to establish new priorities. America needs to wake up to the realization that rural America is dying. Its death knell could also be the death knell for all of America unless we act soon.

(The material supplied by Mr. Pierce follows:)

THE CONDITION OF FARM WORKERS AND SMALL FARMERS IN 1970

REPORT TO THE NATIONAL BOARD OF NATIONAL SHARECROPPERS FUND

by James M. Pierce, Executive Director

Available separately
ED 054885

NATIONAL SHARECROPPERS FUND
112 East 19th Street, New York, N.Y. 10003

THE CONDITION OF FARM WORKERS AND SMALL FARMERS IN 1970

REPORT TO THE NATIONAL BOARD OF NATIONAL SHARECROPPERS FUND

by James M. Pierce, Executive Director

"A method of funding priorities that provides a sprinkler system for a Mississippi golf course and denies a community the opportunity to give its babies clean water–or protect them from burning to death– is criminal."

Andrew B. James, Director,
Tufts-Delta Health Center,
Mound Bayou, Mississippi

"We have our committees, and we have our meetings, and we have our hearings, and sometimes we even pass legislation. But somehow it does not seem to get down to the folks and make any difference in their lives, because they are not in a position to demand that programs we dream up in Washington are properly responsive to their needs."

Senator Walter F. Mondale, Chairman,
Senate Subcommittee on Migratory Labor,
April 15, 1970

The Year In Brief

1970 was the year in which many Americans examined anew the costs of achieving efficiency in agriculture through bigness. In the name of "the most efficient agriculture in the world," federal policy for thirty years had abetted through sumptuous subsidies the growth of bigger and richer farms. Millions of small operators had been driven off the land, as much the victims of government policy as of competition. With little education or hope, they had crowded into the great urban centers, adding to the crisis of poverty and racism, social tension and violence, pollution and deteriorating services. Now, Americans learned that the race towards bigness was also depleting and polluting the soil, water, atmosphere, and food through excessive use of hazardous pesticides and fertilizers.

Survival demanded both an ecologically balanced system of production and the revitalization of rural life, but neither was on the government's agenda. The rural poor continued to suffer from the meagerest diets, the lowest incomes, the worst unemployment, the most dilapidated housing, the least adequate medical care, and the most blatant racial discrimination. Almost every government attempt to help had been transmuted into a device either to make the rich richer and the poor poorer or to regulate and pacify the poor with token assistance.

Progress came primarily from the efforts of the poor themselves in organizing small farm cooperatives, self-help projects, and unions. NSF's experience in the field gives ample evidence that rural people want to stay where they have roots and that, if given the chance to live with dignity, will work hard to succeed. The victory won this year by California's grape pickers in the United Farm Workers Organizing Committee raised the hopes of many struggling to overcome rural poverty and deprivation. These gains represented significant steps toward a livable environment for all.

Is the Small Farmer Obsolete?

The exodus of small farmers continues, while government agricultural policy remains attuned to the interests of large farmers. More than 2.7 million farmers, nearly all of them small operators, have abandoned farming or sold out to bigger competitors since 1950. Only about 2 million small farms are left now. Between 1950 and 1970, the total number of farm residents has declined from 23 million to 9.7 million people.

The Department of Agriculture (USDA) keeps growing bigger as farm population dwindles. Between 1950 and 1970, USDA appropriations rose from $2.3 billion to $7.5 billion and its staff grew from 84,000 to 125,000. Most of USDA's money and time are devoted to expanding and improving the operations of the one million farmers with gross sales of $10,000 or more whom its officials consider serious commercial producers.

Subsidies

USDA acreage reduction and price support programs bestow the biggest subsidies on the largest farmers. In 1970, the top 137,000 farmers, or less than 5 percent of all farmers, received 46 percent of the $3.7 billion in subsidy payments. A California cotton producer led with $4.4 million, eight other operations received $1 million or more, and 23 got $500,000 or more.

The prosperity of big farmers has also been financed by USDA research programs through their development of new crops, fertilizers, pest controls, irrigation techniques, and labor-saving machinery suitable primarily for large-scale agriculture. Big operators have enjoyed a host of other government subsidies, many of them hidden. Large landowners, especially in the West, have reaped windfalls in land appreciation from federally-financed irrigation systems and a vast network of dams and canals built by the federal government. In many cases, the government has helped landowners make new lands fertile while at the same time paying them not to grow crops. The most significant hidden subsidy to big farms is a labor subsidy: exclusion of farm workers from the protections that apply to other workers, such as workmen's compensation, unemployment insurance, and collective bargaining, has kept their labor costs among the lowest in the nation.

Rich Farmers Benefit

This multiplicity of subsidies has hastened the penetration of the farm economy by ever-larger units and the growth of corporate farming. Twenty years ago the average farm size was 215 acres; today it is estimated to be 387 acres. The nation's 40,000 largest farms–less than one percent of all farms–accounted for at least one-third of all agricultural production. Farm prices in 1970 fell to 67 percent of parity, the lowest since the Depression, but many farms of this size still earned a 10 percent return on investment– the average in farming is 3 percent–comparable to the profits of major industrial corporations.

The Agriculture Act of 1970 leaves farm policy basically unchanged. The new legislation sets limits of $55,000 per crop on subsidies in wheat, feed grains, and cotton (sugar is not affected). But it still rests on a system of planned scarcity and a subsidization process that widens the gap between big and small operators. Already large cotton growers are resorting to a variety of legal maneuvers–such as splitting their holdings among family members so each can get a check–to keep on qualifying for maximum payments. Total expenditures for subsidy programs are expected to continue at the present rate.

Discrimination in Farm Programs

All small farmers have suffered from government policy, but black farmers have been the chief victims. In 1950, there were 560,000 black-operated farms; today there are only 98,000. In the same period, the total black farm population fell from 3,158,000 to 938,000; the average annual loss was 10.5 percent compared to 3.9 percent among whites.

USDA has been repeatedly found guilty of discriminating against blacks. The worst rights offender among USDA-assisted programs is the Cooperative Extension Service (CES). A recent audit of the operation of the Alabama CES conducted by the Inspector General's Office of USDA found the situation unimproved since the passage of the Civil Rights Act of 1965. Black county agents are assigned work on a racial basis, are subordinate to white agents, and often have heavier work loads in areas with large black populations. Deprived of adequate services, black farmers remain handicapped by outmoded techniques and low productivity.

Blacks are still virtually unrepresented on the Agricultural Stabilization and Conservation Service's locally elected farmer committees which determine crop allotments and price support payments. There are only three black members among the 4,100 county-level committeemen in the South, less than one-tenth of one percent in a region where blacks are from 10 to 20 percent or more of the farm operators and where they comprise a majority in 58 counties.

The Farmers Home Administration (FmHA), USDA's credit agency for low-income rural people, has steadily improved black representation on its county committees and has noticeably increased black participation in its low-interest loan programs. Yet the help that it does provide black farmers is unequal to that given whites who are similarly impoverished. In 1969, the average size of operating loans received by black borrowers was $2,226, while loans to whites averaged $5,928. The average size of economic opportunity loans was $1,319 to blacks, $2,281 to whites.

Black Migration Persists

The migration of blacks out of the South continued during the last decade at nearly the same pace as in the 1940s and 1950s. The 1970 census estimates show a net migration from the 16 Southern states of 1.4 million blacks in the 1960s, as compared with 1.5 million in each of the previous decades. Migration–primarily to California and Northern urban states–was at an annual rate of 140,000. Earlier predictions that the movement out of the rural South had diminished assumed that black Southerners were finding more jobs in their own region as a result of economic growth and federal equal employment laws. The new data suggest that blacks have not been able to break through job barriers in significant numbers.

Hired Farm Workers

Agriculture is still one of the nation's largest employers. About 2.5 million persons did some hired farm work in 1970, a decrease of 4 percent from the

2.6 million in 1969. Of these, about 1.1 million were casual laborers, who worked less than 25 days, and 1.4 million were noncasual workers. The number of migrant workers ranged from the government's low estimate of 196,000 to half a million estimated by the United Farm Workers Organizing Committee. (Migrants are not counted in any official census.)

For an average of 80 days of farm work, hired farm workers earned $887 in cash wages. The 1.4 million noncasual workers (those working 25 days or more) averaged 137 days and earned $1,519 from all sources. Domestic migratory workers averaged 123 days and earned $1,697. Nearly 1.5 million persons did farm work only, averaging 102 days and earning $1,083. Approximately 555,000 farm workers are now covered by the $1.30 minimum wage. The annual composite hourly farm worker's wage rose to $1.42 in 1970 from $1.33 in 1969, yet was only 42 percent of the average factory worker's wage. Despite the establishment of a federal minimum wage for farm workers, their relative wage position has not improved appreciably during the last twenty years.

Accidents

Farm work remains one of the most hazardous occupations. Agriculture ranked third, behind only mining and construction, in work-related deaths in 1970. Even with the phasing out of DDT, chemical pesticides are still a major danger to farm workers and their families. In California alone, one in every six farm workers annually suffers injuries due to pesticides. Parathion, a nerve gas derivative, and other organo-phosphates endanger the health of workers in and around Florida's citrus groves.

Farm Labor Organizing

In July 1970, when the United Farm Workers Organizing Committee (UFWOC) signed contracts with most of California's table grape growers, the event climaxed nearly a century of efforts to organize the people who harvest the nation's crops. Farm workers were either too poor to strike or too itinerant to organize. And when they protested, vigilantes, often joined by the law, beat them down. A combination of factors made the UFWOC breakthrough possible: skillful organization and leadership, the ability to link economic demands with the broader movement for dignity and social justice, and wide support of the two-year grape boycott by labor, church, civic, and civil rights organizations. The contracts, which cover about 10,000 vineyard workers, call for an hourly wage of $1.80 in 1970 and increases to $1.95 in 1971 and $2.05 in 1972. In addition, they provide for incentive payments of 20 cents for each box of grapes picked, grower contributions of 10 cents an hour to the union's health and welfare plan, and 2 cents for each box to the economic development fund (used chiefly to build housing for retired field workers). Jobs are assigned through the union hiring hall, thus eliminating the need for labor contractors and crew leaders. The contracts also set up joint worker-grower committees to regulate the use of dangerous pesticides and guarantee that delivered produce will contain no more than tolerance levels of pesticides.

Even as the grape contracts were being signed, UFWOC was getting involved in another major battle. In August, 7,000 workers walked off the Salinas Valley lettuce fields after growers refused to hold secret union elections and signed backdoor agreements with the Teamsters Union. Following a court injunction against all strike activity in the Salinas area, UFWOC leader Cesar Chavez announced a nationwide boycott of non-union lettuce grown in California and Arizona. By the end of the year, four large lettuce companies–Inter Harvest (United Fruit), Fresh Pict (Purex), Pic 'n Pac (S.S. Pierce Co.), and D'Arrigo Bros.–had rescinded their contracts with the Teamsters and signed with UFWOC.

While farm workers in California are making significant progress, the great majority of farm workers are still unorganized. UFWOC's organizing successes in the West will need to be duplicated in states like Texas and Florida before farm unionism wields the bargaining power necessary to inaugurate a truly new era in American agriculture.

Child Labor

A substantial segment of agriculture still depends on child labor: one-fourth of farm wage workers, or as many as 800,000, are under 16–some as young as 6 years of age. In Aroostook County, Maine, 35 percent of the potato acreage was harvested largely by children. In the Willamette Valley of Oregon, 75 percent of the strawberry and bean harvesters were children. An investigation by the American Friends Service Committee of child labor abuse found conditions reminiscent of sweatshops of the 1930s, with children stooping and crawling through fields sprayed with DDT in 100-degree heat for 10 hours a day to harvest crops.

Most children of farm worker families suffer serious educational disadvantages. The impact of the federal education program for migrant children, according to a study by the National Committee on the Education of Migrant Children, has "not dented indifference to and neglect of migrants on the part of cities and states." While children went hungry and untreated medically, $17 million of budgeted federal funds were turned back unused by the states.

Migrants and Federal Programs

Poor health, squalid housing, and powerlessness continue to be the lot of migrant workers. Federal programs designed to help lack adequate funding and are administered by state and local bodies often unresponsive to migrant needs.

The migrant's life expectancy of 49, twenty years less than the average, reflects the gap between the medical care he gets and that received by most Americans. While the average person now pays about $300 per year for health services, only $15 is expended for each migrant under the government's Migrant Health Program. Bad and unsanitary housing adds to the misery of migrants. Since 1962 the Migrant Housing Program has produced 7,300 units which meet only 2 percent of the total need, and has used only 30 percent of the funds available.

Major federal programs to aid poor people also serve migrants poorly, if at all. A 1969 study of food assistance programs showed only 16 percent of the migrants in Texas participating, less than 2 percent in Michigan, and less than .001 percent in Wisconsin. The Farm Labor Service, originally created to help farm workers get the best jobs available, often assists in their exploitation. A suit brought by California Rural Legal Assistance (CRLA) charges that the Farm Labor Service offices in that state serve to depress wages and working conditions, primarily through the device of referring a surplus of workers to growers who violate minimum wage and health laws. CRLA, one of the few federally funded efforts that have advanced the interests of farm workers, was in grave danger in 1970 as the big growers and Governor Ronald Reagan of California pressured a wavering Administration in Washington to cancel the program.

Legislation and Government Hearings

Congress voted to extend unemployment compensation coverage to an additional 4.8 million workers, but refused once again to include farm workers. Meanwhile, big grower spokesmen continued to oppose meaningful coverage of farm workers under the National Labor Relations Act. While the AFL-CIO continues to press for their inclusion, UFWOC believes such coverage would weaken its power because the present NLRA outlaws secondary boycotts. The operations that employ most of the workers in agriculture are too big and diversified to be brought under effective economic pressure by the strike tactics allowed by the NLRA. Instead, UFWOC favors a return to the original Wagner Act which set up the NLRA in 1935 and under which organized labor gained most of its current strength.

Senator Edward Kennedy introduced a bill to curb continuing and widespread employment of illegal entrants, mostly from Mexico, by making farmers who hire them subject to prosecution. Alien workers, willing to accept lower rates of pay than residents, still constitute a serious problem: in the twelve months ending June 30, 1970, over 58,000 aliens working in agriculture were deported. Because of a lack of public interest, hearings on this bill have not been held. Hearings held by Senator Walter Mondale's Subcommittee on Migratory Labor, following the nationwide showing of NBC-TV's "Migrant," represented an important attempt to make giant corporations in agriculture accountable for their treatment of farm workers. Exposure of substandard working and living conditions in its Florida citrus groves forced the Coca-Cola Company to announce a program of improvements.

Senator George McGovern's Select Committee on Nutrition and Human Needs held a series of hearings that underscored the shocking housing conditions in rural areas. One improvement came in the 1970 Housing Act, which provides for an increase in the maximum grant for construction of farm labor housing from 66 2/3 percent to 90 percent.

Poverty Census Rises

For the first time since 1959, the number of Americans living in poverty increased. In 1970 the poverty census climbed to 25.5 million, up 1.2 million from 1969, according to federal figures. Conditions for the rural poor are getting worse–especially for the blacks who, as a group, are falling farther behind whites. Not only are more black people poor--one black in three compared to one white in ten–but they now represent 31.5 percent of the poor compared to 27.9 percent in 1959. They are also poorer, on the average, than their white counterparts: the typical poor black family's income was $1,300 below the poverty line; the average poor white's was $1,000 below.

Hunger: Half a Bowl Is Not Good Enough

A government that spends billions to rid itself of the effects of abundance was still unwilling "to put an end to hunger in America," as President Nixon had promised in 1969. Even with the unprecedented expansion of food stamp rolls from 3.6 million to 9.5 million persons during the year, fewer than one hungry person in three got stamps. All federal food programs reached less than half of the nation's poor. The increase in food assistance appropriations from $1.2 billion in fiscal year 1970 to $2.8 billion for 1971 fell far short of the estimated $8 billion that it would take to overcome hunger and malnutrition. Besides inadequate financing, restrictive features in guidelines and obstruction at the local level combine to cheat the poor of their rightful benefits.

Congress voted $1.5 billion for the food stamp program for fiscal year 1971, more than twice the previous appropriation; at the same time, a "must-work" provision was added that may force thousands off the rolls. The new law also sets a $110 monthly stamp ceiling for a family of four–only 30 cents a meal per person–which may reduce allotments for many more. Practically every county in the nation has a food assistance program, but "paper program" counties persist where local officials' hostility and lack of outreach confine participation to a small portion of the eligible poor. Local indifference is acute in many areas where 3.7 million of the poor still depend on commodity distribution.

The National School Lunch Act now provides for mandatory free and reduced-price lunches for children from families at or below the poverty level, but only 5 million of the more than 9 million needy children were receiving such meals by the end of 1970. Many local school officials illegally deny benefits to poor children or subject them to flagrant discrimination.

Housing Promises Betrayed

More than twenty years after Congress pledged "a decent home for every American family" at least 8 million homes–two-thirds of them rural households–are substandard. Usually the homes of the rural poor lack central heating; few contain all plumbing facilities; many are so dilapidated that they compare with the most squalid dwellings in economically underdeveloped lands. A survey by the Tufts-Delta Health Center of the homes of residents in Bolivar County, Mississippi, shows that only three of every ten units have piped water, only one in four a bathtub or shower, while seven of ten have "sunshine" privies–no pit, no permanent siding, no rear wall. In winter, some families are forced to cannibalize their own homes–to tear boards from the walls for firewood.

Yet only about 10 percent of all federal housing funds goes to rural areas, and most of that fails to reach the poor. In fiscal year 1970, the Farmers Home Administration made housing loans and grants totaling $791.5 million, up 55 percent from the preceding year. Half went to families with incomes of $10,000 or more; only 5 percent went to families earning $3,500 or less. FmHA's standards exclude families whose mortgage payments would be much less than the rent they now pay for their shacks as well as those families who could afford to build structurally sound, low-cost houses with basic but minimum water and sanitation facilities.

An estimated 13.5 million new and rehabilitated housing units are needed in the next ten years in rural America. Of these, 7 million or 700,000 a year must be subsidized. At the current rate of 120,000 units a year–one-sixth of the necessary pace—it will take more than fifty years to meet the rural housing famine.

Welfare: Reform or Regulation?

Welfare rolls rose more sharply than ever in 1970, to a total of 12.5 million people—or six percent of all Americans. Feeding the relief explosion is a steady flow of millions forced to migrate from the countryside to the cities.

Benefits, though increased during the 1960s, are still meager and are lowest in those states where rural deprivation is most prevalent. In Mississippi, for example, families receiving Aid to Families with Dependent Children (AFDC) are expected to survive on $564 a year, and in Louisiana on $1,000 a year. The national average is $2,160. Many of those eligible are arbitrarily excluded from coverage by local welfare boards. A USDA survey of rural poverty in the Mississippi Delta found only 11 percent of the poor families on public assistance.

The Administration's Family Assistance Plan (FAP) would eliminate local discretionary authority and reduce inequities by guaranteeing a minimum national allowance of $1,600 for a family of four, plus $700 in food stamps. At the same time, the FAP would subject the poor to another form of regulation by establishing an elaborate system of penalties and incentives to force recipients to work. With jobs so scarce, this requirement would promote severe economic exploitation of the poor and depress existing wage standards. As an alternative, the National Welfare Rights Organization called for a minimum annual income of $5,500, based on a government estimate of the amount needed to maintain a low-cost living standard in 1970. The FAP was shelved by Congress at the end of the year but is expected to be revived.

Towards a Program for Rural Reconstruction

Pervasive signs of environmental decay have fractured the myth that mechanized mass production methods best serve the nation's food and fiber needs. Unless alternatives are found, the destruction of resources, disruption of communities, and waste of human lives will continue unabated.

During the last decade, a grassroots movement has emerged among poor people in the rural South that offers them a chance for a new start in their own communities. Thousands have joined together in more than 100 farming, consumer, handicraft, and small industrial cooperatives in order to help themselves. These enterprises provide an alternative to migration or starvation; strengthen participation by the poor in local politics by alleviating economic dependency; and offer a model of rural reconstruction. Their duplication on a national scale could lead to the decentralization of cities into smaller and more balanced communities sharing the best features of both rural and urban life. To survive and grow, these efforts will need a comprehensive program of aid including development capital, education and job training, health care, and housing. And this means a new government policy in agriculture that puts people ahead of profits and the quality of life ahead of the continuing proliferation of commodities. It also means widespread support by urban as well as rural citizens, whose interests are truly linked.

The National Sharecroppers Fund began comprehensive rural development programs in two key areas in 1970. With financial and technical assistance from NSF, farmer cooperatives in both Halifax County, Virginia, and Burke County, Georgia, are shifting from tobacco and cotton crops to high-yield, labor-intensive vegetable cultivation and experimenting with organic methods. Farm families who otherwise would have been uprooted are also planning new housing, health and child care facilities and other self-help projects. In addition to its field programs, NSF works to make government more responsive to the needs of the rural poor; supports the efforts of farm workers to organize and secure the right to bargain collectively; and carries on an extensive educational program to inform the public of the facts of rural poverty and the measures necessary to end it.

Note: *See page 12 for additional information about the National Sharecroppers Fund.*

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Senator STEVENSON. Thank you, Mr. Pierce. Do your colleagues have statements also or can we ask some questions?

Mr. PIERCE. Mr. Blood works with our organization and directly with the cooperatives and if it would help the chairman and help the committee for him to give his statement before questions, he will.

Senator STEVENSON. Yes; I think we will continue with the statement. Mr. Blood.

Mr. BLOOD. Mr. Chairman, Senator Hughes, my name is Don Blood. I am southern field representative for the National Sharecroppers fund. I have been working with two cooperatives in the South for the past 4 years.

I have worked very closely with the Eastern Georgia Farmers Cooperative, Inc., in Waynesboro, Ga. (Burke County), and the Southern Agricultural Association of Virginia (Halifax County), giving technical assistance to both areas.

In most cases, I have worked with the business leaders—both private and government—to find that they just do not try to understand what cooperatives are all about. Furthermore, I have found, in most instances, that the leaders show no sign of interest about the poor.

I have worked with the poor and found they are concerned individuals looking for assistance, but realizing little or no funds or resources are available to them. Oftentimes some poor people are slow to respond even to the projects to which I have given technical assistance, due to the promises made in the past by Governmental officials, and having that pipedream go down the drain.

In Halifax County, the Southern Agricultural Association of Virginia was organized about 3 years ago on shoe string funds. For 2 years the co-op struggled along trying to get additional funds to set up the proper organization and have the seed money to involve the members in diversification of crops.

The co-op both years was less than successful, due to not having proper funding. In the fall of 1970, the National Sharecroppers fund agreed to make a $100,000 no-interest loan available to it for the very purpose of getting the co-op on its feet and operating in the black.

NSF is not blessed with an abundance of funds, so we were limited as to what we could really do. When NSF stepped in, the co-op was dead and only through this loan was it even to be revived. It was $12,000 in the red at the end of 2 years; in 1 year with the technical assistance of NSF and the $100,000 loan, the co-op showed a $37,000 profit figure as of July 1, 1971.

The farm members participating in the program this year showed records of some improving their incomes over last year and some even doubled their income.

During the peak of the harvest season, some 200 young people were employed by the co-op, giving jobs to many who would have gone without jobs for the summer, or who would have moved away from home to seek employment elsewhere. The workers and the co-op complimented each other as it supplied the resources to both parties. Many times there just wasn't enough money to do the job, or take advantage of other economic endeavors that arose out of this seed money.

Now many farmers are trained and have realized what this small amount of money can do. But let me stress this amount can help a very small portion of the poor in a given area. The need for more funds is so urgent that those of us working in the field feel like more people are moving away than we can get involved with.

In Waynesboro, Ga., the Eastern Georgia Farmers Cooperative, Inc. was organized in 1968 and is composed of five counties (Burke, Jefferson, Emanuel, Jenkins and Screven). There were no funds available and yet the people were willing to start organizing with the hope that something could be generated from poor farmers pulling together.

The co-op leaders decided on a service station as their first project in 1969, and with technical assistance, private money was generated to open for business on $1,800. The experts tell us a business takes 3 to 5 years before it will start making a profit. Yet, the station started turning a profit the second year.

There were many projects started and many to be funded. Surveys were taken, proposals written, yet no money became available. These proposals were submitted to both private and governmental agencies with the response the same; there just were not any funds available.

In the fall of 1970, the National Sharecroppers fund announced a $100,000 no-interest loan. This was like a revelation to the poor people in the area. Many of the local leaders became interested when they found money was coming in, as they wanted to get a piece of the pie.

The co-op purchased their first 25 acres for their headquarters, and made many attempts to rent additional land. They were able to lease 170 acres more for farming this year. We had 170 farm members participating in the program for the first time.

The co-op was the largest grower of squash and cucumbers in the area. Some farm members made enough profit from their crops this year to pay off their small debts and have enough money left over to keep them until their other crops were harvested.

The co-op has the largest irrigataion system in the area also. This new emphasis demonstrated to members and nonmembers, both black and white, what irrigation can really do.

Due to starting into agriculture for the first time this year, a great deal of money was used for equipment. Yet, the co-op once again demonstrated its usefulness by employing about 200 young people in the area. The co-op paid high wages and furnished transportation to local people that changed the attitudes of many. Even with the small amount of land the co-op was able to make a profit this year. Again though, more money was needed.

In conclusion, if through the efforts of this subcommittee legislation could be enacted that would make it possible for co-ops to be organized, given adequate technical assistance and marketing assistance, and could be financed through developmental loans, I am sure the decay of rural America could be halted and all Americans would benefit.

Senator STEVENSON. Thank you, Mr. Blood.

Mr. Wilson, do you have a statement?

Mr. WILSON. Mr. Chairman, with your permission we would like to change the procedure just a little bit and we would like to have Mr. Peace and Mr. McKnight give their statements and we would all like to field the questions together.

Senator STEVENSON. Mr. Peace and Mr. McKnight.

Mr. Peace is the assistant to the director, Federation of Southern Cooperatives, which is a service organization for ceramic farming and clothing cooperatives of small farmers and displaced farmworkers.

Father McKnight is the executive director of the Southern Cooperative Development Fund.

Father McKnight, would you like to proceed.

STATEMENT OF WILLIAM PEACE, ASSISTANT TO EXECUTIVE DIRECTOR, FEDERATION OF SOUTHERN COOPERATIVES; AND REV. A. J. McKNIGHT, EXECUTIVE DIRECTOR, LOUISIANA ECONOMIC DEVELOPMENT FUND

Father McKnight. Thank you, Mr. Chairman and Senator Hughes. I have a written statement which I would like to submit for the record.

Senator Stevenson. Why don't we, if it is all right with you, put it in the record and perhaps you can summarize your statement.

(The prepared statement of Father McKnight follows:)

STATEMENT ON ALTERNATIVES TO RURAL POVERTY
PRESENTED TO THE SENATE SUBCOMMITTEE ON MIGRATORY LABOR

BY FR. A.J. McKNIGHT, PRESIDENT
SOUTHERN COOPERATIVE DEVELOPMENT FUND
LAFAYETTE, LOUISIANA

September 22, 1971

Mr. Chairman, and members of the Subcommittee, I work very closely with the Federation of Southern Cooperatives, which is a tax-exempt membership organization of over 100 low-income cooperatives located in fourteen of the southern states. These cooperatives run the gamut of cooperative businesses embracing credit unions, consumer coops, agricultural coops, and various service cooperatives.

The Federation of Southern Cooperatives provides technical assistance in the form of management training, accounting and marketing assistance, membership education, and financial assistance in the form of grants and soft loans to the cooperatives.

The Southern Cooperative Development Fund was organized by the Federation of Southern Cooperatives to be a regional financial institution providing credit to those cooperatives which could handle relatively hard loans. The Federation of Southern Cooperatives and the Southern Cooperative Development Fund work very closely in developing loan packages, with the Southern Cooperative Development Fund providing the credit and the Federation of Southern Cooperatives providing the technical assistance which is necessary to insure the cooperatives' capacity to repay the loan.

I have been working with cooperatives in various capacities for ten years now and have developed enough experience to know that with certain inputs, namely educational, managerial, financial and marketing, it is possible to have a successful cooperative movement among low-income people. I have enough experience now to say that cooperatives can, with adequate assistance, not only develop people but stem the outward migration of people from the rural South and help revitalise rural areas and small towns.

The low-income agricultural coops have been very successful so far in helping thousands of small farmers to remain in farming. Research shows that there are areas of agriculture which for the forseeable future will require intensive hand labor. It is in these areas that the small farmer has the competitive edge over the large producers, provided the small farmer has the services of a coop to help him buy his seeds and fertilizers cooperatively and market his produce. By combining their purchasing and marketing needs cooperatively, the small farmers have the same advantages as the large commercial farmers.

We have enough empirical data to demonstrate that small farmers can successfully grow and market certain vegetables profitably if they do so cooperatively.

The small black farmers in the South are, however, the most conservative of a very conservative group and it has been extremely difficult, tedious and time consuming to convince the black farmers who have been planting cotton all their lives to diversify and plant vegetables.

We have had, however, some remarkable success stories with some of the farmers who have switched to raising vegetables and who have adopted good cultural practices. The story of the farmer who made $300 on three acres of cotton two years ago but now makes $800 on one acre of cucumbers is not exceptional. We have had farmers make as much as $1000 on one acre of okra.

In one parish of Louisiana with the largest black farmer population, there was a decrease of 50% in the number of black farmers between 1960 and 1965. Since the formation of an agricultural coop -- Grand Marie Vegetable Coop -- we have been able not only to stabilize the number of black farmers, but help to enable these farmers who plant sweet potatoes to increase their income from their sweet potatoes from fifty cents per crate to one dollar and twenty five cents per crate.

Research studies show that it is still possible for a small farmer to grow specialized crops which require intensive hand labor and earn a decent living. It is possible to give the small farmer an option to remain in farming and to stop the continuing rural migration to our urban ghettoes.

The greatest obstacles to realizing this objective, as I see it, are the policies of the United States Department of Agriculture. The USDA programs have favored the big commercial farmers and have deliberately tried to eliminate the small family farm.

Many years ago the USDA issued a white paper declaring that the family farm was no longer economically viable, and they have done everything possible since then to make this prophecy come true.

I need not reiterate to this group the scandals of the farm subsidy program which originally was intended to assist the small farmer, but which today lavishes it largess of hundreds of thousands of dollars upon the large commercial farmer. I only mention it because I think it typifies the entire orientation and direction of the USDA which outrageously discriminates against the small farm.

I am reminded of the research presently underway, financed by the USDA to develop strains of vegetables such as cucumbers, okra, tomatoes, etc. which could be harvested mechanically, while at the same time we are struggling without any assistance from the USDA to get small farmers to diversify into what, at present, offers them a means of survival where they are.

If the policies of the USDA were changed, we would have the forces of government mobilised to research the areas of agriculture than can be handled by the small family farms working through cooperatives. Instead, we have a powerful government agency not only writing off the family farm, but spending much of its resources on how to expedite the elimination of the small farm.

The Extension departments of many of our universities are also guilty of the same sin. A greater proportion of our universities' resources should be mobilised to deal with our rural-urban crisis instead of consuming so much of our educational resources in research projects which are adequately financed but geared to assist those who already have so much and not those who have very little.

Despite the tremendous financial resources of our Department of Agriculture, it does not have adequate personnel with the expertise to work with illiterate and semi-literate people of different ethnic backgrounds and cultures. In far too many instances, our USDA officials, Extension agents, and county supervisors simply are incapable of communicating with the small, poor, and especially black farmers, most of whom have never seen the county agent.

Some time ago I had the frustrating experience of visiting the Farmer Cooperative Service Division in Washington to seek some assistance in management training for low-income coops. Imagine my consternation when I was advised by a Federal agency which was established to render assistance to cooperatives, that I should apply to some private foundation for the financing to perform the management training, and that even if they had the finances, they did not have the personnel who could do this type of training.

Several years ago I had the opportunity to visit the cooperative development in Israel. Such a small country with little natural resources can teach us a lot about comprehensive rural planning and how to revitalise our rural areas, because they have had over fifteen years of experience and have developed working models of economic and social development based on regional planning.

I would like to bring before this Subcommittee the story of the Lakhish Development Region, which is an outstanding accomplishment in regional rural planning. The concept is based on a large number of agriculture villages in which the people buy and sell cooperatively. These villages are integrated in a planned regional system which is based on a hierarchy of settlements with clearly defined functional divisions.

There are three levels with centres at each level, serving different purposes: first, there is the village itself with a centre; at the second level there is a rural centre to provide services to a group of five or six villages which together form a composite rural structure; and at the third level there is a regional town serving the village groups or composite rural structures of the whole region. Each village renders those primary everyday services which its eighty or ninety families have to have, such as grocery, synagogue, kindergarten and dispensary. Since agriculture is the mainstay of the Lakhish economy, the planning has rested on certain basic principles common to rural settlement as a whole in Israel. One main principle is that all types of farms were planned to insure, at the stage of full development, an income roughly corresponding to the average income of an industrial laborer in town.

The rural centre is planned so as to provide various types of producer and consumer services which are better shared by a larger number of families, such as primary school, clinic, cultural center, general store for agricultural supplies and sorting and packing shed, workshops, and a big "Coop" store for consumer goods. It takes care of five or six villages; i.e. 400 to 500 farming families. It is situated within walking distance of each village that it serves.

The country town is meant to provide services of a more elaborate nature. First and foremost, the town absorbs the agricultural produce of the region that needed primary processing, such as cotton, sugar beets and groundnuts. A cotton gin, sugar refinery and so forth were constructed. The town also contains all the administrative, economic, and cultural apparatus for the entire region, local government offices, banks and credit institutions, a shopping center, larger workshops, a hall for concerts, theatres, a secondary school, etc.

A major novelty in the economic planning of Lakhish was to so plan the county town as to enable it to process the agricultural produce of the region in order to provide additional employment, reduce transportation costs and keep a maximum profit from its crops in the district.

This type of regional planning has enabled Israel to absorb a large number of illiterate immigrants and raise their economic and cultural standards. This is the type of regional planning we need in order to successfully revitalize our rural areas in the South.

The Israeli experience shows that it is possible. The job that remains is to get the USDA, the Extension Department, our land grant universities, and other public agencies to change their policies and direct their energies and resources towards this task.

I certainly exhort this Subcommittee to give high priority to legislation dealing with comprehensive rural planning which is sensitive to the needs and the plight of the migrant laborer and the small farmer.

Our country will not be able to solve the problems of our urban ghettoes until we have successfully stemmed the migration of our rural populace and stopped the deterioration of our rural areas.

Father McKnight. Fine. I am associated with the Federation of Southern Cooperatives. That is a membership organization of over 100 of these low-income co-ops, some of which Mr. Pierce spoke about, and this organization tries to give technical assistance, management, and marketing membership training.

I am directly associated with the Southern Cooperative Development Fund which is an attempt to try to solve some of the credit needs of these co-ops. We got it off the ground about 2 years ago and the concept is of a regional bank for these low-income cooperatives and for the last 2 years we have been trying to get capital by selling shares and debenture bonds where we can make loans to the cooperatives.

First of all, I would like to stress, there are still areas of agriculture today that require intensive hand labor and it is those areas of agriculture that the small farmers have the competitive edge over the large commercial farmers. We have identified some of those areas, but there is need of research to identify it even more and it is those areas that we have been working in over the last couple of years of trying to get the small farmers to convert and change over to plant these crops that require intensive hand labor.

Of course, that in itself is a tremendous job because farmers by nature are conservative, and poor small farmers are even more conservative.

But we have had enough experience to show that it is possible for the small farmer with small acreages—10 acres—to make a decent income provided that he converts and uses the best agricultural practices available.

For example, we have numerous examples where small farmers who made say $300 on 3 acres of cotton were able to make over $800 on 1 acre of cucumbers. It is not rare to have a farmer make as much as $1,000 an acre on an acre of okra.

So we have enough evidence to show that it is possible for small farmers to make a decent livelihood. There are numerous problems to doing this over a wide area. Personally, I have been working in the South. We cover 13 of the Southern States and we work with all kinds of co-ops, but we are concentrating on the agriculture co-ops.

What is needed to really do the kind of job and satisfy the small farmer is a tremendous educational job of the small farmer. And the crop can only succeed providing the mechanism is available to enable the small farmer to purchase the seeds and fertilizers at the same prices that large commercial farmers can, and the cooperative mechanism to help him market his produce.

So, there is assistance that the cooperative needs, such as proper financing, marketing management training. The one big problem we still have not resolved is the credit. There are Federal agencies like the Farmers Home Administration, to make loans, but the problems we are faced with over and over again are either those loans are not adequate to help solve all the credit needs or those loans usually come too late and in agriculture unless the money is there at the right time, a whole season can be lost.

We are still struggling with the marketing problem of finding marketing outlets, but with the experience we have had we know it is possible, providing we can change the whole policy of the Department of Agriculture which has written off the small farmer and they have made their prophesy come true to spending all of their money to research the small farmers out of existence.

Just in the field of okra and cucumbers, just within the last couple of years, the Department of Agriculture has been spending millions of dollars trying to research how to mechanize and to grow the proper strain of cucumber and okra that could be mechanized instead of trying to research and identify those areas of agriculture which require intensive hand labor, and it is in those areas that the small farmer would have the competitive edge.

There is need of an overall long-range rural development program. I mention in my statement, and I will just mention it here, I think what Israel has succeeded in doing in their rural planning, planning cooperative villages, of 60 to 90 families, and there are about five of these satellites, so to speak, surrounding a center village of roughly 500 families, where there are certain needs that are met, but it is through this long-range rural planning that they have been successful.

I think that if we can learn from their experience and past legislation that just doesn't go from year to year, but has some long-range planning, that we can be successful in helping many of these small farmers to remain in farming.

Just one last example. There was one parish in Louisiana it is called Saint Landry Parish—in Louisiana we call our counties parishes—between 1961 and 1965 there was a 50-percent decrease in the number of black farmers in that area. In 1965, 1966 we organized a cooperative and this is primarily handling sweet potatoes and we have been able to stem the outward migration, because we have been able to raise the income from the sweet potato from 50 cents a crate to roughly $1.25 a crate. And that has helped hundreds of those farmers to be able to stay in farming and I think that demonstrates what a cooperative can do to directly assist low-income poor in the rural areas.

Senator STEVENSON. Thank you, Father McKnight.

Mr. Peace, do you have a statement?

Mr. PEACE. Mr. Chairman and Senator Hughes, I will read from my statement. It is very brief.

Mr. Chairman and members of the subcommittee, the alternatives to rural poverty are first, the making of these areas into attractive places which can hold the young people. Much of this depends on the Government putting aside its 19th century attitudes about rural areas.

This attitude is embodied in boyhood memories, such as what it used to be like down on the farm with Huck Finn and Tom Sawyer. Rural areas are no longer isolated farms, plantations, hamlets, and small towns. Television has made rural America almost as urban as urban Americ in attitude and sophistication. It is fast becoming an urban world, and rural people are looking for and rightfully entitled to urban services.

Here, services must be defined in terms of parity: parity of opportunity. This means that first of all, income should be comparable to that found in urban areas and second: social, medical, recreational, and transportation service is necessary for stability and contentment.

Housing, of course, is paramount for sound rural development.

What is then needed is a sincere desire on the part of Government to develop rural areas to the point where people are given a choice as to whether or not they would prefer to live and work in their native rural setting or in an urban environment. However, all too often those who agree with this position believe that rural development is development and profit for the privileged few, rather than for the citizenry as a whole.

Development is seen as bigger and better prices for the big farmer and producer, and nothing, absolutely nothing, for the small farmer and producer, not to mention the farmworker, whose only role is seen by many as to make someone else rich.

It must be remembered that the problem of the cities and rural areas in general is not the continued outmigration of the privileged few, but of the many rural people who agribusiness and Government continue to drive from the land. It is these people who, by the hundreds of thousands over the years, have caused the present urban situation and who, in turn, are now giving rise to our renewed interest in the rural. They therefore must be included in Government's plans and decision for rural development.

The Community Development Corporation is, of course, one way that the people so far left behind can become actively involved in planning for their own future. Government must seek out the representatives of these people as well as the traditional local officials and business leaders for programs with a high degree of potential for generating income-producing activity.

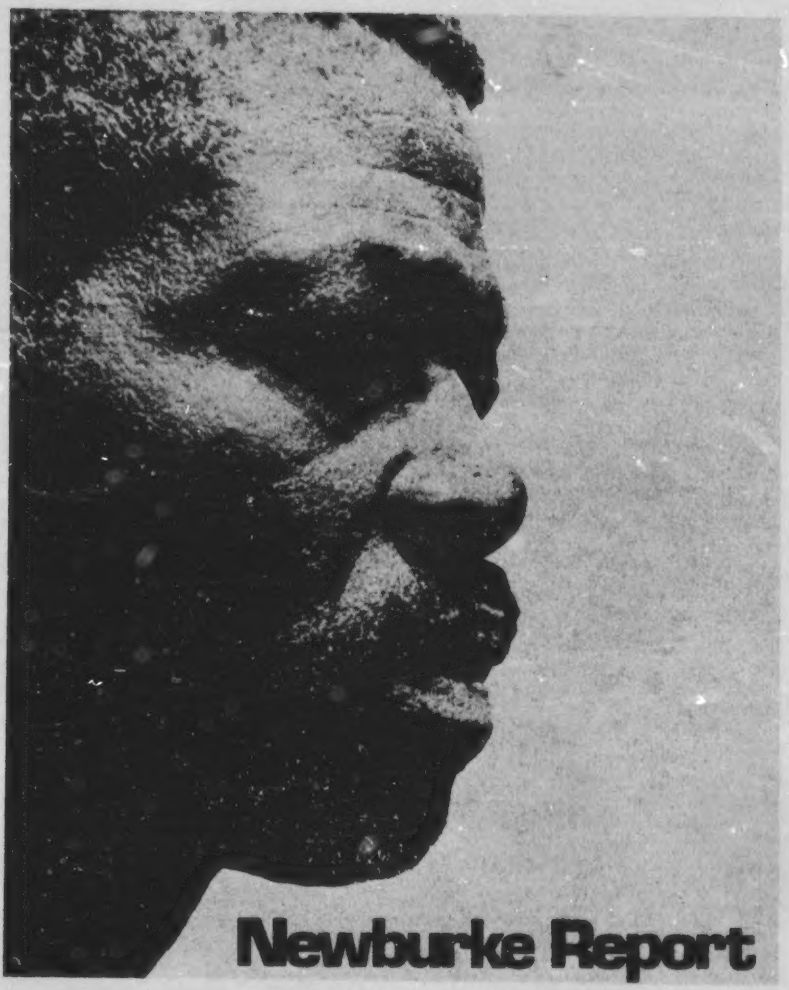
If real and creative programs are to come to rural areas, they cannot be brought from the outside. They must spring from the will and enthusiasm of the rural people themselves. The canned program approach must be put aside; only then can rural communities begin, with government assistance, to plot a course out of poverty.

You had mentioned, Senator Stevenson, specific technical assistance programs. One program was the southern rural project, not to mention the national sharecroppers fund, and this project operated statewide in Georgia and was a program which worked in this direction, but only to see the rug pulled out from under it, just as it was beginning to produce signs of real rural community development.

Newburke is a design for a new town and industrial park in Burke County, Ga., which the southern rural project was largely responsible for developing. Work is now underway on the housing there. As indicated in the Newburke report—now, Senator, here is what you had termed promising ventures that Geoffrey Faux had mentioned when he gave his report.

Senator **Stevenson**. The Newburke report will be entered in the record.

(The information referred to follows:)



Newburke Report

Credits

Planning and Design Team: Research, planning and design studies for NewBurke were prepared by graduate students in Architecture and Planning, Georgia Institute of Technology. Mostafa Howeedy, Fred Osgood and John Stanford; graduate students in Urban Design. Ghassan Azar, Vinod Bhatia, Daniel S. Chang, James Ku, Paulina Lin and Paul Yen; graduate students in Architecture. Arnall T. Connell, Associate Professor of Urban Design; critic.

Technical advisory: William H. Peace III, Project Director, Southern Rural Project of the National Sharecroppers Fund; W. Don Blood, Resource Director, Southern Rural Project of the N.S.F., Atlanta, Ga.; Hubert Thomas, Housing Consultant, Florida.

Editorial assistance: Claire Brown, Assistant Director of Research, Southern Rural Project of the N.S.F., Atlanta, Ga.

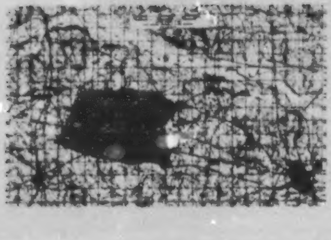
What is Newburke

NewBurke NewTown is a planned community of two-thousand modern homes arranged into small neighborhoods centered around playgrounds and ringed by green grass and trees. The neighborhoods themselves are tied together by footpaths and bike trails and cluster around a town center, a shopping center, a lake and the expanded campus of Boggs Academy/Community College. Nearby is the NewBurke Industrial Park.

Is this a super-developer's dream development? It could be, but actually it is a working plan designed to hold together and reshape one of Georgia's most beautiful and potentially productive county areas. Burke County, in the easternmost part of central Georgia, is the State's largest county. It is also one of the poorest.

People Leave the Land

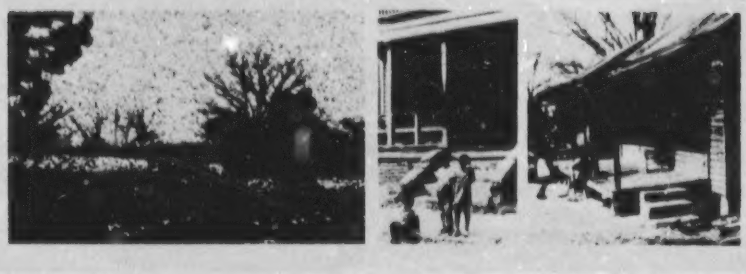
Burke has traditionally relied on cotton, corn and soybeans for its source of income. In the past, the county always had ample labor to work its many farms, but during the past thirty years the number of working farms has dwindled: farm jobs are now at their lowest number ever. Tractors have replaced mules and modern machines have replaced men, women and children farm workers.



Most of the people between the ages of eighteen and forty-five have been leaving. Some have moved to nearby Waynesboro and Augusta; some have moved to Atlanta or into adjoining states; others have moved north. Today, Burke County has a lot of people under eighteen and over fifty and not many in-between. Those who stay behind sometimes find seasonal work. Those who work in Waynesboro make extremely low wages. All in all, income is poor and the standard of living in the county and in the rural towns is minimal, even for the rural south.

Why Newburke

Why support this idea at all, one might ask. It's because this county needs new life, new force, imagination and vitality which the new community, enlivened by the interest of many county leaders, is providing. The land proposed for the larger NewBurke townsite is located approximately ten miles west of Waynesboro, the county seat. Boggs Academy, an enlightened, privately sponsored high school attended predominately by young black men and women from all parts of the United States, adjoins the townsite. If these and other young, bright and vigorous high school graduates could find jobs and have decent housing in Burke County they would not leave. Jobs will help stop the out-migration of valuable workers whose roots are in this land. With dependable incomes, single persons and families will have the means and incentive to build homes and contribute their creative energies to their own community. Building NewBurke is needed, is socialogically sound and economically important. It is a reclaiming of the land and its dignified heritage.



Four Growth Phases Planned

The planned growth stages include not only the construction of streets and the building of houses, but also the provisions for jobs and municipal services. The total growth period will span somewhere between twelve and twenty years. During this time eighty percent of the families will be able to buy their homes and twenty percent will rent. Housing will be available at different price levels and will accommodate a wide range of tastes. NewBurke and its industrial park will provide about fifty percent of the jobs held by town residents. Other NewBurke workers will farm and commute to jobs at other locations. Within the next twenty years NewBurke will develop stronger economic ties with a growing Augusta and with other urban units throughout the region.

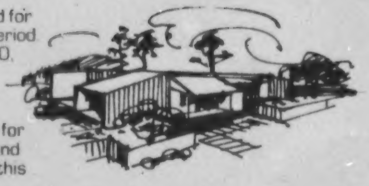
Phase I: Settlement

The Settlement Phase of NewBurke will take about five years to complete. Initially, two-hundred and fifty homes will be built. Included will be two, three, four, and five-bedroom houses which the Farmers Home Administration has agreed to help finance. Construction has already begun on the first increment of twenty-two houses.

During this phase, one-hundred jobs will be made available in NewBurke. The Industrial Development Division of Georgia Institute of Technology and the Central Savannah River Area Planning and Development Commission are already committed to this objective.

The agriculture-supportive businesses of seed packing, vegetable crating and crate-making will come first. Also planned for this phase is the nucleus of a shopping center consisting mainly of convenience stores. A volunteer fire brigade will be organized and a taxi/shuttle service, now based in Waynesboro, will open a branch operation in NewBurke.

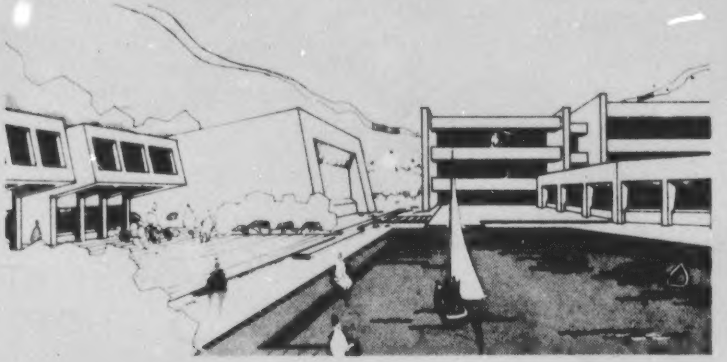
Phase II: Community



The community phase is also planned for achievement within a three to five-year period. The number of homes will increase to 500, and as more factory-units locate in the industrial park, jobs will increase to around 250.

A start toward the creation of a lake for irrigation, water supply, boating, fishing and aesthetic enjoyment will be made during this phase. The Army Corps of Engineers is checking the feasibility of a dam across Beaver Dam Creek as part of its recommendations for improvements within the Briar Creek watershed. Land along the lakeshore will be allocated for community parks and neighborhood playgrounds will be provided.

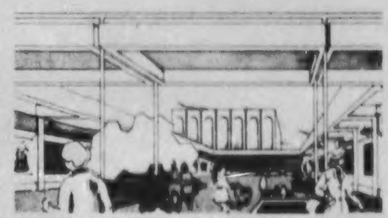
At this time the first elementary school will be built. High School students not attending Boggs Academy will bus to schools in the county. The shopping center will double in size, the taxi/shuttle operation will evolve into a bus system, and the basic utilities systems will be completed. NewBurke will elect its first mayor.

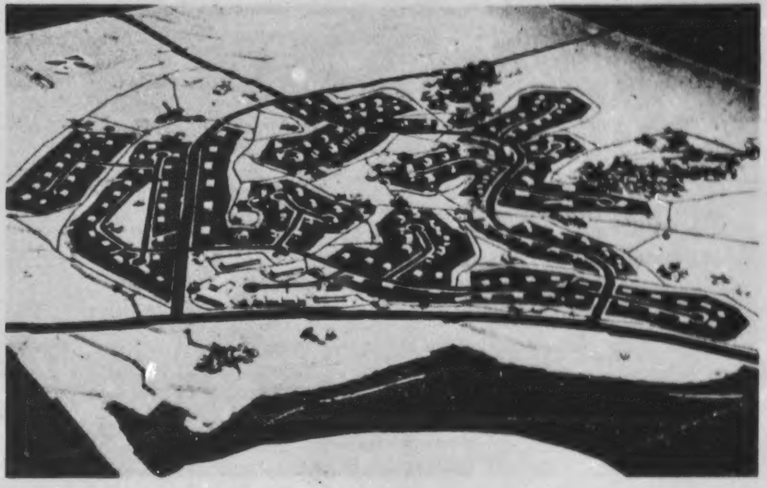


Phase III: Village

An additional 500 houses will be erected during this time, including NewBurke's first low-rent apartments. New industries locating in the town's industrial park will be able to take advantage of job orientation and training programs offered through the expanded programs and facilities of Boggs Academy/ Community College. Basic and general educational courses will also be offered for adults. Some 450 new jobs will be developed during this phase.

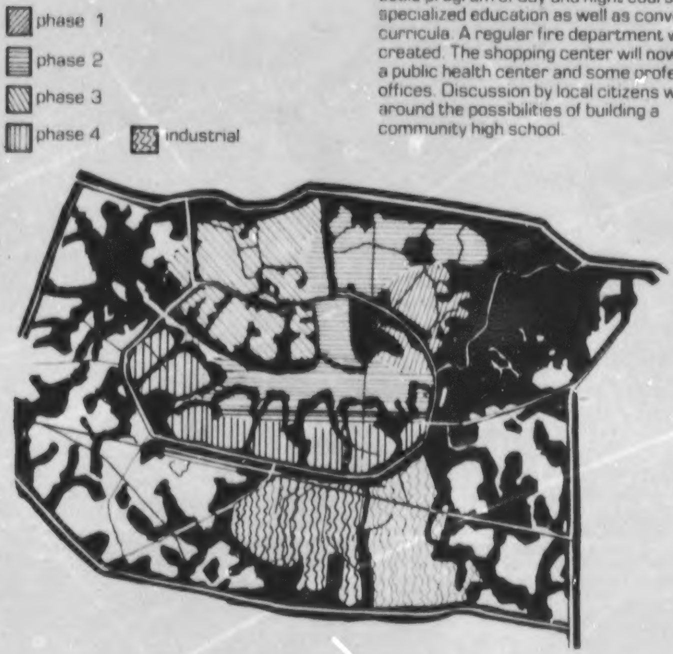
The second elementary school will be built, and work will begin on a civic center building to house village/town government functions. A local constabulary will be initiated. The shopping center will expand to provide more choice and in-town employment. A branch of a department store will open in NewBurke as the village becomes the center of economic activity for surrounding farm settlements.





Phase IV: Town

The end of the town phase (three to five years) will see close to 10,000 persons living in approximately 2000 homes and representing a wide range of income levels. About 700 people will be working at plants in the NewBurke industrial park. Others will be employed as the park expands. NewBurke will have a total of four elementary schools and also a community library. A municipal sports park will be completed, and a town wide recreation program will be in operation at this time. Boggs Community College will offer a full scale program of day and night course in specialized education as well as conventional curricula. A regular fire department will be created. The shopping center will now include a public health center and some professional offices. Discussion by local citizens will center around the possibilities of building a community high school.



Secure the Land

NewBurke needs land bankers! It needs visionary funding institutions, corporations, foundations and individuals to landbank NewBurke's destiny. The land must be bought now, while it is still inexpensive. The land must be held for the people of NewBurke, who will ultimately buy it back for development of their town.

Low Risk

This is a low-risk venture and a tax shelter for the landbanker. It is a high yield for the community of man. It is good land; it will not lose its value. The people of NewBurke must be assured that the land will be available when it is needed. Until that time, it can be leased to the Eastern Georgia Farmers Cooperative for farming.

Facts, figures and public support, clearly demonstrate the energetic effort the people of NewBurke are making toward solving their own problems. They have formed the NewBurke Housing Corporation, a non-profit organization made up of people from all walks of life — black/white, old/young, affluent/poor, the powerful and the powerless. They may not have much means, but they have a deep faith in their fellow-man and devote themselves untiringly to self-betterment and the future. The United Presbyterian Church of the U.S.A. has joined with the people of NewBurke by providing the first building block; a 271 acre parcel of land near the middle of the townsite.

Won't You Be Next

Won't you be the next landbanker or industrially interested investor in NewBurke NewTown? Please write for a technical perspectus based on research and planning done for the NewBurke Housing Corporation and the Southern Rural Project by the Graduate Program in Urban Design, School of Architecture and Planning, Georgia Institute of Technology. It will give you a complete picture of the NewBurke NewTown concept.

Please address inquires to any of the following:

Dr. Calvin Thornton
NewBurke Housing Corporation
c/o Boggs Academy, Keyesville, Ga. 30816
404 554-2182

Mr. James Pierce
Executive Director
National Sharecroppers Fund
1346 Connecticut Avenue, N.W.
Washington, D.C. 20036
202 659-5620

Mr. Don Blood
c/o Eastern Georgia Farmer's Cooperative
P.O. Box 35
Waynesboro, Ga. 30830
404 554-5993

Or:

P.O. Box 562
Atlanta, Georgia 30301
404 872-2902

Acknowledgements

The NewBurke NewTown study was possible only because so many people, representing the organizations listed below, offered suggestions and enthusiastically shared information with the planning/design team.

Agricultural Extension Service,
  College of Agriculture,
  University of Georgia
Bank of Waynesboro, Ga.
Boggs Academy, Keyesville, Ga.
Burke County Board of Commissioners,
  Waynesboro, Ga.
Burke County Department of Public Health,
  Waynesboro, Ga.
Burke County Improvement Association,
  Waynesboro, Ga.
Central Savannah River Area Planning and
  Development Commission, Augusta, Ga.
Eastern Georgia Farmers Cooperative Inc.
  Waynesboro, Ga.
First National Bank of Waynesboro,
  Waynesboro, Ga.
Georgia Institute of Technology, Industrial
  Development Division,
  Atlanta & Augusta, Ga.
General Electric Management & Technical
  Services for Manpower Development,
  Economic and Social Operations Division,
  Huntsville, Alabama
Medical College, University of Georgia,
  Augusta, Ga.
National Sharecroppers Fund,
  Washington, D.C.
Rural Development Center, Tifton, Ga.
United Methodist Church, Riverside Drive,
  New York, N.Y.
United Presbyterian Church of the U.S.A.,
  New York, N.Y.
U. S. Department of Agriculture, Farm
  Cooperative Service, Washington, D.C.
Rural Housing Alliance, Washington, D.C.
The True Citizen Newspaper,
  Waynesboro, Ga.

Mr. **Peace**. New Burke, it is estimated, will generate almost $100 million of economic activity in the area in which it is to be built over the next 12 to 20 years.

One thing that has to be pointed out is that once the Government makes a commitment to rural development it must be a long-term commitment as opposed to short term, and that is, the Government cannot put in a few dollars and expect like overnight results and that kind of thing.

Now, we believe, for example, the rural cooperative movement promises very, very much in the way of sound rural development, and yet, it is constantly met by hostile Government forces.

At a time when everyone is vitally concerned with our economy and inflation, the Office of Economic Opportunity is about to spend almost $400,000 of the taxpayers' money for a study on the viability of cooperatives. Cooperatives have been employed for generations, not only in this country, but all over the world as a means through which people can work together to solve their economic ills.

Yet, OEO is taking vitally needed program money and putting it into another study and evaluation of the problems of rural people.

What we need now is Government support, not analysis.

That concludes my statement.

Senator **Stevenson**. Thank you, Mr. Peace.

We have heard today, and did yesterday, too, testimony that the cooperative movement in this country is the real alternative to the continued dehumanization of life in rural America and in urban America.

I would like to get down to some specifics now to try to develop some idea as to how best the Government can help realize this alternative. Some of the testimony has, as Father McKnight suggested today, indicated that one of the initial needs is to simply identify the labor intensive areas that do give the small farmer a chance to compete in the marketplace.

We heard yesterday about zucchinis and strawberries. Today we heard about cucumbers and okra. What kind of work is going on, by Government, by sharecroppers, and by other institutions, to help identify these labor intensive areas that do give the small farmer a chance? Is anything really being done?

Mr. **Pierce**. Mr. Chairman, the National Sharecroppers Fund, for a number of years, has done intensive studies on that. Last year we picked two of the areas. Now the reason we picked two is that we simply only had enough money to serve two areas, but out of hundreds of areas that we know of—and I am sure hundreds that we don't know of—we picked two areas to develop these two cooperatives.

It was an experimental thing, a pilot operation. One, because of their desire to go into the fresh market, we developed a cooperative for fresh vegetable market. Because of their desire in the other areas, we developed markets and gave technical assistance in processed vegetables, vegetables that would go into freezing plants and canning plants, and in neither place did we experience any labor problem at all; that is, there were so many people unemployed, so many people in the small towns who had been driven from the farm, so many young people who would have gone to Baltimore or Washington or Philadelphia looking for jobs during the summer if we had not been there, there was just no labor problem at all.

There have been some studies, but not the kind of study that needs to be made and I don't know who could afford it, other than Government.

Senator **Stevenson**. Are the land-grant colleges doing anything, so far as you know, to help identify these areas?

Mr. **Pierce**. Not in a single case have we been able to go to a land-grant college and say, "Where is a farmer who needs help." They don't know where they are and they don't care where they are and they don't help.

I was talking to a black county agent the other day in a county we know and have identified the people and put him to work, but he didn't know where they were. We asked, "Why didn't you stop here and here and here on the way out to the big farmer's place, and ask what you could do for them."

"There is nothing you can do for them," he said. "They might as well leave and go on to cities and get a job. They are going to starve to death, otherwise."

Father **McKnight**. Because there has been so little research done, the federation has been successful in getting 1,100 acres of land and setting up a research training center in Sumter County, Ala., where we have hired several horticulturists to do research to try to identify those areas with the small resources we have.

We have also been trying to encourage some of the land-grant colleges, but as of yet, there has been no major movement.

Senator **Stevenson**. Nothing, so far as you know, is being done by the Department of Agriculture to help?

Father **McKnight**. No.

Senator **Stevenson**. What about the farmers' organizations?

Father **McKnight**. They are all concerned with agri-business, not with the small farmer.

Mr. **Pierce**. In marketing, probably the most vital phase of this kind of movement—you know it does no good to teach a man how to grow cucumbers or carrots if you can't market it.

The sole comments we got from the State Marketing Service, Department of Agriculture, or anybody was, "Go see a broker. See if you can get a broker who will handle it."

Senator **Stevenson**. Do you know of any States that are providing any assistance or conducting any research on this question of identifying and helping develop labor-intensive crops?

Mr. **Pierce**. I know of not a single one. My organization knows of none.

Senator **Stevenson**. You said, Mr. Pierce, that there is not a labor shortage. I guess we are all aware of that fact. There is a labor surplus. But there is a shortage of managerial skills, isn't there? Is anybody offering any help to develop and furnish the skills with which to get the cooperative movement going in the country, as far as you know?

Mr. **Pierce**. Except for a few grants from private foundations and the small amount of work that we in the federation can do, I don't know of a single governmental organization.

Senator **Stevenson**. When you say governmental organizations, you are including the local units of government too?

Mr. **Pierce**. That is right.

Senator **Stevenson**. The land-grant colleges?

Mr. PIERCE. That is right. OEO has done a little managerial funding to pay the managers' salary, but nothing to train the man how to be a manager. I know of a few co-op managers paid by OEO, but that is no help at all unless they are trained to go on to management. Nothing is being done.

Senator STEVENSON. You mentioned marketing. I am not so young that I can't recall farmers markets across the country. I travel around now and I don't even see many of the old stands you used to see by the road where the farmer could directly market some of his produce. What is happening to that direct form of marketing by farmers?

Mr. PIERCE. Marketing now, fresh vegetables in particular, has become very, very sophisticated. I will give you an example. A farmer in Halifax County, Va., will grow cucumbers and sell to Safeway. He processes it and sells to Safeway in Washington, D.C. It moves back to Richmond from Washington and comes out of there in a refrigerated truck and is put out for sale in South Boston, which is the largest town in Halifax County. That cucumber goes from the farm in Halifax County to Washington to Richmond and back to Halifax, but we do not sell a single cucumber to a city in the county.

Senator STEVENSON. I have something more than a sneaking suspicion that the consumer is getting pretty fed up, too, with the quality of the produce he ends up buying in the stores, and the price he pays for all that transportation.

And additionally, that cucumber, after it has traveled around the east coast, and also the tomato or other vegetables that are grown, are not fit to be eaten.

Why can't cooperatives get into the direct marketing of good, fresh, farm produce, or are they?

Mr. PIERCE. They are trying to, but they get no assistance from any of the governmental programs to set up this kind of a marketing program. It is very expensive to do and you are competing not with just agribusiness, but with the whole governmental structure when you try to bust that market.

We threw away cucumbers and squash from our processing line, because Safeway or someone wouldn't buy it, but when they made the trip we are talking about and came back, the ones they did buy, they looked not nearly as good as the ones we were throwing away.

Marketing isn't that easy. Now, in processing, you can come to a direct contact with a buyer to buy in bulk.

Don, in the cooperative in Burke County, sold thousands and thousands of bushels directly from the co-op to, I believe it was, Southern Frozen Foods and some others in processing. But the profit in processed foods does not go to the farmer. It goes to the processor.

Mr. WILSON. Another problem you have is a man on each end. A lot of our stuff gets dumped because we can't afford to have a guy in the marketplace to examine the produce when it comes in. They tell us they dumped it because it wasn't graded properly or something. It was dumped because we couldn't afford to send someone all over the country to places where we were sending the food.

Father MCKNIGHT. I deal with that question myself as the executive director of the federation, and I have been working the last 2 weks trying to gather together some economists to help us try to come up with a marketing plan for the co-ops; and there is a sentiment in some of the northern cities to collaborate in trying to develop such a marketing mechanism.

We are working on it, but the resources and what not still are not there and we are hoping that by the end of the year we will have some development in that direction.

Senator STEVENSON. Have you sought Government help for marketing?

Father McKNIGHT. We have, but have not received too much. The experience I had with the Farmer Cooperative Service was that I went to them asking for assistance in training and management and they told me, "Go to a foundation and try to get some money to do it."

Senator STEVENSON. Can you tell us a little bit more about the credit difficulties of cooperatives? I mean cooperatives in every step of the way from the farmers to the processor to the market. Credit availability has come up time and again as one of the problems in cooperatives.

How difficult is it to get credit and if something should be done to make credit cheaper and more readily available, what should be done?

Mr. PIERCE. I think clearly what you need is some kind of developmental bank or possibly involvement of SBA into this field. Now cooperatives just are not eligible for all practical purposes for these kinds of loans. When we started last year, we asked for certain amounts of money for specific equipment and supplies by using title III–A money and they said it was closed down, it was frozen.

There was no money available. Individual farmers find it most difficult to get loans and get it processed and get the money in time to do anything with it. Sometimes they do get the loan, but it is for next year or a year from the time you apply until you get it, so it is very little help.

Mr. WILSON. The majority of people we are working with cannot find a Government program that they fit into, no category they fit into. They can't buy a house with an FHA loan because they don't have any money in the first place.

If a guy has $300 a year income, nobody is going to give him credit. The same thing is true with the expert in the field of economic development and they raised questions as to this is not a sound economic venture. It is not a sound economic venture to them because it is not going to create an abundance of capital, but we consider any profit as being an abundance of capital.

We haven't had a profit before and it doesn't bother us. The only thing we are trying to do is generate more income than what the cat made last year.

If he didn't make anything last year, it doesn't make any difference what he makes this year unless he makes more. You can't get credit with nothing. It is possible for the banks to back a farmer in Halifax on the tobacco crop, but the guy from the bank will be in the market the day he sells that crop to collect all his money back, you see. He still doesn't make any money. He plants the crop and comes up with maybe $200 or $300 credit and that is all he can receive.

Mr. PIERCE. When our farmers in Halifax went to banks and FHA to borrow money to raise cucumbers, squash, and peppers this year, they were not only denied the money, but told to knock off the nonsense and forget it and plant the tobacco and they would loan money on the tobacco. They would not loan money on anything other than tobacco in Halifax County.

Senator **Stevenson**. Father McKnight, you mentioned the rural development bank. How successful is that type of organization?

Father **McKnight**. It was just in July that we finally got the bulk of close to a million dollars.

Senator **Stevenson**. Did the million dollars come from the sale of shares of stock in the bank?

Father **McKnight**. Shares and debenture bonds, right. And it is too early yet to say how effective, but at least we are in the business. Well, it is not too early. We had one example of a co-op that in the past had not done too well, mainly because its source of financing was the Farmers Home Administration, and for the first year the Farmers Home Administration lent the money, but they only gave the co-op money for land and equipment, but no operating funds. And needless to say, the co-op got into serious trouble with its members dealing with sweet potatoes because the co-op, not having operating money, took 3 or 4 months to pay farmers who generally get paid within 3 or 4 days, with the result that many of the members deserted.

It was not until the end of the second season that the co-op was successful in getting operating funds from the Farmers Home Administration and last year, through the Southern Cooperative Development Fund they were able to give them ample sufficient operating funds so that they were relatively successful.

Mr. **Wilson**. What we have been doing over the last 2 or 3 years is cleaning up the mess that OEO makes. We spend our money trying to clean up the mess they make. They give somebody—which is criminal, and you know, Senator, and I know, it is criminal to give someone $30,000 and tell them to go out and develop a co-op and out of that they send you a $15,000 a year cooperative manager, which comes out of that $30,000, so you know, it is really criminal to do that to people and then people are sitting there talking about we are developing economic programs and they don't have any money to develop an economic program with. They don't have any capital or anything.

So what we have to do is come along and say "Well, we have to find money to do other things with." So, it is really not helping anybody the way the operation is working at present, essentially through the OEO.

Father **McKnight**. You should keep in mind that credit in itself is not sufficient unless it is tied in with management assistance, training assistance, and marketing. It has to be a package. Otherwise, the group is just going to get in trouble essentially because we are dealing with the poor farmer who has not had too much prior experience in large business.

Senator **Stevenson**. This is as true in the cities as it is in rural America. In some cases, I think the credit is more readily available than the managerial help is. At least I have found that to be the case in some cities.

Mr. **Wilson**. Senator, one of the reasons that credit is available like that is what happens is that people end up taking your land. They give you a credit, but they take the land eventually. We have that problem in Georgia now.

Senator **Stevenson**. I was going to ask also if you could, from your own experience, expand on what Mr. Faux said earlier in his testimony about concentrations of land ownership in large, typically absentee, and oftentimes corporate owners.

Do you have anything to add to what he said about the apparent tendency toward growing concentration of land ownership in a few powerful large owners?

Mr. PEACE. Senator, we have been trying for some time to just get basic information on how much land we were losing a year. It is estimated that black farmers in the South are losing in the neighborhood of 55,000 acres of land annually.

Senator HUGHES. Where is that?

Senator STEVENSON. In the South?

Mr. PEACE. And the Southeast.

Senator HUGHES. The total Southeast?

Mr. PEACE. Yes.

Father MCKNIGHT. In the last 15 years the black ownership of land has decreased from 12 million down to less than 7 million acres, a 5 million decrease in less than the last 15 years.

Mr. WILSON. The only reason it hasn't gone any further is because they can't search out the titles. A person goes to Chicago and they can't find him and can't sell it without his permission.

Senator STEVENSON. What is bringing that about? Can you tell us a little more about what happens to the small black landowner, or farmer?

Mr. PEACE. You have basically a problem of like the age of the average type black farmer; for example, which would be about 55 years of age. Which means if he has children, they have already like seen the hardships his mother and father had and are probably now in the cities and just as poor in the cities as they were, incidentally, in their native area. Which means on the death of the farmer, then if the family is offered a price for the land, and all the children say, "Sure, we will sell because we need the money badly."

So they lose money on that kind of turnover and there is the taxes that eat up a lot of black land and then there is like people lose land because there is not a clear title in the land and yearly, like this is the kind of thing that is happening.

Even when we put land in the soil bank sometimes black land is lost.

Father MCKNIGHT. Or through loans. Say a $2,000 loan on 100 acres of land and the farmer can't pay, he loses the 100 acres of land for less than $2,000.

Mr. PIERCE. In South Carolina we are doing a study, together with the Black Economic Research Council, in the Sea Island area, the one that is between Charleston and Savannah, Ga. That land at one time was all black-owned land right after the Civil War. In fact, it was given to the blacks. There was no whites other than troops allowed there.

Over the years, because of no wills and because of deaths, that land now may belong to 20, 30, or 50, or 100 people. It is virtually impossible to clear a title so that you can build an FHA house, or the man can get a loan to raise a crop.

Now, if Hilton or some large organization wants one of those islands, they simply go in and buy the share of one of the people and go to the courthouse and ask that that land be put up for sale, and they buy it at very cheap prices because that is the only way you can clear title, through some kind of petition of sale. They are picking up thousands of acres of land in Sea Island which was previously black owned. Land that could be made very productive for the people who live there.

Mr. BLOOD. Senator Stevenson, I would like to add to this another example in Georgia. Working with the low-income people, I have found each year that the Farmers Home Administration makes loans for equipment to these farmers. They put up their land as security and in the last 4 years, not counting 1971, we have had crop failure due to a lack of moisture.

When the Farmers Home Administration makes these loans, they are supposed to assist these farmers, and one of the things I have never figured out, with an engineering background in school, is why the Farmers Home Administration does not deal with these people with regard to irrigation. We know that an irrigation system can be put in for between $4,000 or $5,000, but they loan him $6,000 or $7,000 for a tractor and other pieces of equipment whereby they cannot meet these obligations to repay this loan due to moisture conditions and weather conditions, and I do not see this and I haven't seen it in the years, that I have experienced working with low-income people.

Going back to the Farmers Home Administration, pointing out one illustration, the local people who are hired and paid for by taxpayers' money are not concerned.

Senator STEVENSON. Senator Hughes, do you have any questions?

Senator HUGHES. Thank you, Mr. Chairman. I do have a number of questions.

No. 1, what is a National Sharecroppers Fund, Mr. Pierce? Is it in the record as to what it is?

Mr. PIERCE. I don't think so, Senator.

Senator HUGHES. Could you tell us then for the record what it actually is?

Mr. PIERCE. It is a private organization who gets its money from individual contributions using——

Senator HUGHES. How do you get the individual contribution? Is it national mail solicitation?

Mr. PIERCE. Yes, sir.

Senator HUGHES. Are you getting any foundation funds?

Mr. PIERCE. I think we got $10,000 this year from the Norman Foundation. I believe that is the only one.

Senator HUGHES. What is your annual operating capital?

Mr. PIERCE. This year it was $750,000.

Senator HUGHES. Nationwide?

Mr. PIERCE. Yes.

Senator HUGHES. How many employees do you have?

Mr. PIERCE. Nine.

Senator HUGHES. Nine employees. As I listened to your statement you have made two $100,000 loans to cooperatives.

Mr. PIERCE. Yes.

Senator HUGHES. How many others?

Mr. PIERCE. A $50,000 loan to the Federation of Southern Development Fund, $50,000 to the new community.

Senator HUGHES. How is your board of directors selected?

Mr. PIERCE. It is a self-perpetuating board of about 30 people, national in scope. Dr. Benjamin Mays from Atlanta is chairman. It is rather a large board. Most of our money, though, goes into programs in the form of either loans or grants of technical assistance. Very little is paid to staff. Very little to staff.

Senator HUGHES. What is your salary a year?

Mr. PIERCE. $20,000.

Senator HUGHES. Plus expenses and travel?

Mr. PIERCE. Yes, sir.

Senator HUGHES. Are there other higher paid officials in the organization?

Mr. PIERCE. No, no, they are all $12,000.

Senator HUGHES. I am trying to get into the record what you are and how you operate. How do you make a decision on a loan as to who you will help or won't help?

Mr. PIERCE. Well, the people who desire help request it from the National Sharecroppers Fund and the board annually allots its money to those who request help.

Senator HUGHES. How many blacks are on the board?

Mr. PIERCE. A majority. I don't know.

Senator HUGHES. You don't know how many?

Mr. PIERCE. No; I don't.

Senator HUGHES. How often does the board meet?

Mr. PIERCE. Twice a year. Father McKnight is on the board.

Do you know how many blacks are on the board?

Father MCKNIGHT. No.

Senator HUGHES. It is a complement that you don't know. I am not being critical. I am just wondering what the percentage makeup is. Do you have other minority group representation on the board?

Mr. PIERCE. Yes.

Senator HUGHES. How many whites are on the board? Can you tell me that?

Mr. PIERCE. I am sorry, I don't know.

Senator HUGHES. I am trying to show the board is a fair representation of the people you are involved with. Are the cooperatives you are dealing with generally a minority population?

Mr. PIERCE. Right now they are. However, we have supported and are continuing to support two or three cooperatives in Appalachia in the mountains and one in Georgia, a handicraft co-op that is predominantly white. Most are predominantly black. We have very little, other than studies, going on in the Southwest. We would like to get more in that area, but we don't at the present time. It is an old organization, Senator. It was started by Eleanor Roosevelt and people like that back in the middle 1930's when the sharecroppers were being driven off their land as a result of Agriculture Department policies of crop reductions.

Senator HUGHES. Two of you mentioned capital for regional banks for cooperatives. Both Father McKnight and you, Mr. Pierce, mentioned a regional bank. What did you have in mind?

Father MCKNIGHT. Well, I know with the Southern Cooperative Development Fund, the whole concept of it is based upon actually the bank of cooperatives. Actually the way they got started back in the early 1930's, they got started with Government help, and since then they have been able to generate equity on the part of the farmers so that now they are owned by the middle-class farmers.

Senator HUGHES. You were thinking of the same type of thing?

Father MCKNIGHT. Right, and hoping that this Southern Cooperative Development Fund can develop into such a bank for cooperatives in the South.

Senator HUGHES. Two percent of it is Federal money, is that right?

Father MCKNIGHT. No, the only Federal money we have received is we have received some money from OEO.

Senator HUGHES. I understand you haven't received any, but is that what you want?

Mr. PIERCE. I would say 1 percent money.

Senator HUGHES. That would be better.

Mr. PIERCE. But just money is what we need. It does cost $50,000 or $60,000 or $100,000 to develop a cooperative, so they can serve 300 or 400 people, but it is a small investment when you consider the kind of money being spent.

If we could get a guaranteed loan of $250 million, I am sure we could serve quite a few people.

Senator HUGHES. How many?

Mr. PIERCE. Fifty thousand. More than that.

Senator HUGHES. In how many States?

Mr. PIERCE. Throughout the country.

Senator HUGHES. The same programs you are working on there. will they apply in the northern half of the United States?

Mr. PIERCE. Very much so. There are areas in Pennsylvania I know from recently discussing this with a director who I know, that desperately need a co-op.

Senator HUGHES. You are not relying on a year-round growing season for success?

Mr. PIERCE. No; we don't need it.

Senator HUGHES. You can operate on a 4-month growing season?

Mr. PIERCE. Very well. And the facilities then can be used for a great many things. Let me give you an example. The facilities that we use for processing during the year could easily be used during the winter to make the crates that cost us 50 cents a piece. They could be stored in that facility. People could be employed making the crates that the produce would go into in the spring. There are many things.

Senator HUGHES. Do you have a broad base support in the regions you are operating of the poor farmers?

Father MCKNIGHT. Definitely.

Senator HUGHES. Or is there a competitive attitude between your organization and the farmers?

Father MCKNIGHT. The Federation of Southern Cooperatives is a membership organization of these co-ops.

Senator HUGHES. I understand. But that doesn't eliminate competitiveness.

Father MCKNIGHT. No; but they have been working together so far.

Senator HUGHES. In fact, co-ops have driven people out of business; is that right?

Father MCKNIGHT. Yes.

Senator **Hughes**. Are you driving people out of business in your cooperative?

Father **McKnight**. No.

Senator **Hughes**. I lived in a co-op town in a co-op State and I am a wholehearted supporter of cooperatives. Don't take the question as being antagonistic. I am trying to clarify the record, if I can, on the broad base support you have in the regions where you are actually working, developing, and financing cooperatives.

Is it generally accepted?

Mr. **Pierce**. By the farmer or by the power structure.

Senator **Hughes**. The farmer?

Mr. **Pierce**. Oh, sure.

Father **McKnight**. It is not always accepted by the city fathers.

Senator **Hughes**. No; well, what is their attitude? What is the attitude of the large farmer, the successful farmer, the guy with 1,000 acres of land who has bought out all of these properties you are talking about?

Father **McKnight**. Antagonistic. But we have one co-op that this year for the first time really sold a large quantity of seed and fertilizers and the competitor owns the property next door to the facility and within 2 feet of the building of the co-op put up a fence in order to try to stifle the competition.

Things like that, I think, are just typical of what has happened or the opposition that the various co-ops have faced.

Senator **Hughes**. Do you see a restriction on the nature of business that you want to get into in the co-op venture?

Father **McKnight**. No.

Senator **Hughes**. You want to operate grocery stores, filling stations, sell fertilizer, in other words, you want to have a complete cycle of operation for life support?

Mr. **Pierce**. If that is possible.

Senator **Hughes**. It is possible, but you would have to overcome the opposition from the local AMA.

Mr. **Pierce**. One of the big needs is health service.

Senator **Hughes**. You are going to have to get into health service. That was one of the reasons I mentioned that. You are building satellites with a complete supportive operation, but if you have good housing without medical service, it is a problem.

Mr. **Peace**. This is a problem that almost like defies description, because even if we get Government support and the money that is needed to bring into being an adequate health care program in a rural area, there is tremendous opposition on the part of local medical people to any type of program coming from the outside. They have the power to successfully block these problems.

Now, they are in some kind of like island unto themselves where they are the law and can say, "This program can come in and that cannot."

In Burke County, Ga., we were successful in getting the inducement and backing of the Medical College of Georgia in supporting a program that would serve a two-county area. Seven local doctors blocked that program. Money had been appropriated by HEW for the program, $1.3 million, and they blocked it. They called it socialistic.

Mr. PIERCE. In Burke County, 70 percent of the residents of that county are black. There is not a single black doctor in that county. I think it was six instead of seven doctors—white doctors totally—who blocked the comprehensive health program for the rural residents for people who may have never seen the inside of a doctor's office, or certainly when they go inside it is still on a segregated basis.

Mr. PEACE. They give the physcial with your clothes on.

Senator HUGHES. Is there a national cooperative market?

Father MCKNIGHT. Yes.

Senator HUGHES. You are not a member of it?

Father MCKNIGHT. No.

Senator HUGHES. Why not?

Father MCKNIGHT. Mainly because there is a national for consumer goods and we are too far out of their trade area. That is in Minnesota and we are just too far away to deal with it.

Senator HUGHES. Are you thinking of forming a national marketing cooperative? You mentioned a need to control your own marketing facilities, the need to have the manpower to protect the delivery of your goods. If shipment deliveries have to be delayed somewhere and the quality may be questionable, who is going to bargain for you as to what you can sell that for?

You say you lose crops because of that, if I understand your testimony correctly. As a result of that you have got to do something to develop the marketing capability.

The point of my question is, are you developing a marketing cooperative?

Father MCKNIGHT. We are investigating to try to get the feasibility study done to do that, yes. We are moving in that direction.

Senator HUGHES. Do you feel it is necessary to eventually do that rather than develop individual agents or agency for marketing?

Father MCKNIGHT. Definitely.

Mr. PIERCE. A rough study indicates it would cost slightly less than a million dollars to market the goods of 100 southern co-ops, a million dollars that none of us have. That would be a market program with people on both sides, people at the co-op level to make sure it is properly processed and a person at the selling level to make sure it is properly sold. It would cost about a million dollars. None of us has that.

Senator HUGHES. How many black farm families have been driven from the land in the same period of years you were talking about? Do you have that information in this book?

Mr. PEACE. Yes, that is found in Mr. Pierce's report.

Mr. PIERCE. In 1950 there were 560,000 black-operated farms. Today there are 98,000.

Senator HUGHES. That is farms. That doesn't include the number of people, does it?

Mr. PIERCE. That is right. In that same period the total black farm population fell from 3,158,000 to 938,000, over 2 million.

Senator HUGHES. Over 2 million drop.

Mr. PIERCE. Average annual loss was 10.5 percent black compared to 3.9 percent among whites.

Senator HUGHES. What was that again?

Mr. **Pierce**. 10.5 percent dropped in black families and 3.9 percent among white families.

Senator **Hughes**. That is families. That is not people?

Mr. **Pierce**. That is population. The families went from 560,000 to 98,000 ,people went from 3 million to 1 million, and the average annual loss of people was 10.5 percent of black as compared to 3.9 of white.

Senator **Hughes**. As far as I know there are only two black farmers in Iowa State. That is all I am aware of, and I was Governor of my State for three terms. But I am not aware of more than two black farmers in my whole State. There may be more, but I am not aware of it. The cost of operating has just completely driven those who were farmers out of the farming business entirely.

Mr. **Pierce**. You see, Senator, the thing that a small farm family could grow is the thing he can't market individually. You can make a lot of money on five acres of cucumbers. You can make $600 or $700 an acre and that is good income and a family can harvest that alone, but he can't market it by himself.

Senator **Hughes**. Do you have any projected cost as to the difference in supporting a rural family on the farm and what we are supporting them with on welfare in the city?

Mr. **Wilson**. We don't have the figures, Senator.

Senator **Hughes**. We could probably very well pay the farmer anything, buy him the farm and support your co-op.

Mr. **Wilson**. Yes, and then send all the kids to college.

Senator **Hughes**. In 10 years of supporting a family of five in New York City or Boston, we could buy the farm, give it to you, and send your children through school, couldn't we?

Mr. **Wilson**. That is right.

Mr. **Pierce**. For $30,000 a farmer in Halifax County, Va., can buy 50 acres of land, new tractor, a truck, and build him a house. For $30,000 and he is in business.

Senator **Hughes**. Then when his kids walked out the door there wouldn't be a dope pusher in the yard.

Mr. **Pierce**. $30,000 on welfare wouldn't go very far in New York City.

Mr. **Peace**. Of course the outmigration trend is continuing. It has not tapered off as we were once led to believe, since the civil rights activity in the South occurred. We were led to believe the great migration out of the South to the North had tapered off, but new census figures revealed this is not true.

Senator **Hughes**. Without belaboring this further, I would like to ask a couple of broad questions for correctional purposes for the record, if I might.

Any one of you can respond to them. I am not trying to restrict this in any way.

No. 1, unanimously you consider the farm programs in America during the last 30 years to have been a dismal failure as far as the preservation of rural Americans who have had rural income, is that correct?

Mr. **Wilson**. Yes.

Mr. **Pierce**. Right.

Mr. **Blood**. Yes, sir.

Mr. **Peace**. Yes; that is right.

Father **McKnight**. Correct.

Senator **Hughes**. Do you consider it is continuing to be a failure today? As far as our rural agricultural programs, they do not reach the people who represent or are concerned with them.

Mr. **Pierce**. Right.

Mr. **Peace**. Yes, sir.

Father **McKnight**. Yes.

Senator **Hughes**. If I understand the testimony correctly, you feel the rural programs, the land-grant colleges, the research funds, and all are directed at the large landowner, successful, primarily white, in America today; is that correct?

Father **McKnight**. Yes.

Mr. **Peace**. Yes, sir.

Mr. **Blood**. Correct.

Mr. **Wilson**. Yes.

Mr. **Pierce**. That is not only true, Senator, but the last crop available for intensive labor is tobacco and the day that harvester comes off that production line you are going to see hundreds of thousands of families leave immediately because that is their only source of income.

The eastern half of North Carolina will be completely inundated in just a period of 2 or 3 years and this is also true of South Carolina, Virginia, and Georgia.

Senator **Hughes**. Do you have an opinion or evidence to support the fact that this has been in the best interest of the consumer in America?

Mr. **Pierce**. None whatsoever.

Mr. **Peace**. It is not in the best interest if you put thousands of people out of work.

Senator **Hughes**. If I understand your testimony as given to me, it has added to the welfare rolls, increased welfare all over the country, and reduced health care, education facilities, and everything else by the outmigration of the rural poor to the cities.

Mr. **Wilson**. It has added to the welfare rolls, the crime rolls, and everything. One of the problems, Senator, is that in rural Georgia, a kid will say, "Why should I stay in rural Georgia, why shouldn't I move to New York? At least I can hussle in New York and make a living. I can rob somebody or pimp somebody and make a living."

He can't do that in Georgia. So what happens is he goes where he can do it.

Mr. **Peace**. Recently Governor Jimmy Carter of Georgia testified before the hearing on rural development in Georgia and he explained that in Georgia the greatest export was the young people and that had been the case and would continue to be the case until sufficient attention was given to the needs in these areas.

Senator **Hughes**. One final question along this line: You have a general consensus, I imagine unanimous agreement, that a totally new farm program aimed at rural American is necessary in this country?

Mr. **Pierce**. Yes, sir.

Mr. **Wilson**. Correct.

Father **McKnight**. That is right.

Mr. **Pierce**. Also you want to absorb the people and not have them go to the cities and be absorbed, but try to absorb them there.

Senator **Hughes.** I don't think there is any question about wanting to absorb them in the cities. No one has the answer to the problems in major cities today, as far as I have been able to tell.

Mr. **Pierce.** It can still be solved in the countryside if the Federal Government wants to.

Senator **Hughes.** I think if I understand the chairman correctly, when I asked you previously—and if not, I will ask it again—it would be helpful to us as committee members and those members of the subcommittee not here and the full committee who will later have to be considering these matters, that primarily the chairman has heard, and I have heard a good portion, if you can give us constructive suggestions of your major needs and direction in legislation that we can follow.

Do you have that kind of capability?

Mr. **Peace.** I can offer one suggestion. Many times folks will talk about like letting it be done on the local level, letting the local people do it, as I think the present revenue plan is doing. We have no objection to this at all. We think it is a good idea that local people make the determination about the kind of programs that come into their areas.

But in every instance, the people who have left the farms the people who are continuing to leave, the low-income people, these people are not included. Always the local officials or business leaders are always that privileged few who are not migrating out of rural areas and not going anywhere and unless the people who are subject to whatever decisions come out of these bodies are given some decisionmaking and impetus in the planning of the areas, nothing substantial is going to change.

It is going to wind up like the brand new urban renewal programs where everybody planned for the people who would be removed and consequently they were "removed" and nothing was done to accomplish the basic goals of urban renewal.

Mr. **Wilson.** In regard to Federal legislation on housing, wages, and the total scope of people's lives, these people basically find themselves left out in the rural areas. A person has to be realistic to the income of what people are making.

If a person is making $300 a year and he wants a house, we have to find a way to build that house. We have to find a way in which he can remain on the land at his income as it is now or figure out a way in which we can raise the income. We have to figure out how we are going to get unemployment compensation for farmworkers.

We have to, like Mr. Faux said in his testimony, keep title VII in the Economic Opportunities Act, which is a help. It will be of great help if it remains in the act. And we need something of that nature.

We need comprehensive legislation for rural housing, maybe some sort of way the Government can build housing in rural areas and sell it to the people at a cost they can afford. It is going to take "revolutionary ideas," and I said revolutionary ideas in quotes so that it won't be misconstrued, but it is going to take revolutionary ideas.

I think one of the reasons the cities are in the trouble they are today is because we didn't look at it with different ideas and approaches and we can't use the same approaches in the rural areas that we have been using and think that there is going to be a change.

Father McKnight. Federal legislation, I think, dealing with this problem has to have also an outreach. It is not just enough to pass laws, but to provide the outreach capacity so that people who need these services can be educated.

I don't know how you can do this in legislation, though. It is so important that the people who are going to implement the program be sympathetic to the purposes of the legislation, because in dealing with the South, we have seen so many beautiful programs just frustrated at the local level because the people who have to implement them are entirely antagonistic to the purposes of the legislation.

How you deal with this, I don't know.

Senator Hughes. If you will permit me to interrupt you, I am going to ask the chairman to leave the record open and put some of that responsibility back to you gentlemen here to sit down and write down for us what you think you need. Maybe you can't tell us how to do it. That is our area of supposed expertise and responsibility. But if you can at least give us an outline on paper within the next couple of weeks—you and your board—that would be helpful to us.

Senator Stevenson. I think that is a sound suggestion. These hearings, of course, will continue. The record can remain open. We welcome such suggestions at any time.

Mr. Pierce. We welcome the opportunity.

Senator Hughes. When you have an annual meeting, what percentage of your members show up?

Mr. Pierce. Eighty percent, something like that.

Senator Hughes. Are you encouraging political activity of your membership in understanding how to become a part and deal with the establishment?

Mr. Pierce. We are. This is difficult. A lot of our money comes under the Tax Reform Act and is deductible, but our national sharecroppers fund is able to deal with political action and legislation and lobby and the tax-deductible part of our organization is not. But we do have an arm that we can use to do that. And these three organizations that we represent working closely together, I think, can come up with what you are suggesting.

I don't know how you solve the problem of out of over 4,000 county agents in the South, only three are black, that I know of. I don't know how you solve that. These are the people who would normally administer the kind of program we are talking about.

Senator Hughes. I believe, Mr. Chairman, that is all the questions I will ask now. I want to express my appreciation to the witnesses for the help they have been to the subcommittee and the concern and interest you have shown in initiating the hearings, which I think are needed in this country, and I certainly want to compliment you, Mr. Chairman, for taking the initiative in pursuing these things that are long overdue.

Senator Stevenson. Thank you, Senator Hughes, and I am heartened by your obvious concern and interest in these hearings and your active participation.

I have only one last question. It is argued by some that the continued outmigration, the continued concentration of landownership, and mechanization have led to economies so that in the end the consumer pays less in the store.

Is that as a general proposition a fair argument? Is it true?

Mr. Wilson. I don't think so, Mr. Chairman. I think that all we have to do is go to the Safeways in Washington, D.C., and we can see that the consumer isn't reaping any benefits from the new agribusiness complex that has developed in the country.

I think that the consumer is suffering more basically because of the fancy wrappings and the fancy packaging and he pays for the packaging, the coupons, the saving stamps, and all of the fringes that are added to that old process. He is paying for that plus getting inferior products.

Mr. Peace. The only reason large farmers are able to drive small ones out is because of the \$7½ billion a year coming from the Department of Agriculture they can spend to make their operation more efficient and they can keep the small farmer from getting.

One county in Georgia has an agent whose primary job is to service 40 farmers who grow turnip greens. They are large farmers, but that is his job, to give full-time service to those 40 farmers. The other farmers in the county; they don't exist.

Mr. Pierce. If the \$7½ billion a year spent with the Department of Agriculture was aimed at improving the efficiency of the small farmer, the cost of produce could go down drastically, more people could be kept on the land and there would be less problems in the cities and the whole country will benefit.

Senator Stevenson. It appears on the basis of the testimony that we heard today and yesterday that there is no justification for what is happening in the country. You gentlemen this morning have eloquently described a national tragedy, the continuing migration of people and human beings from rural America to the already congested cities, the growing concentration of landownership, resulting in people without a place to live, without a place to work.

It is a tragedy of life wasted, it has dehumanized rural America and urban America, too, and in part because of the policies of Government and the neglect of Government.

This subcommittee's hearings will continue, as I said before. We will try to end that neglect and try to change those policies.

I am grateful to you all for appearing this morning and helping us, and I hope we can have the benefit of your recommendations and comments into the future.

The hearings are now adjourned, subject to the call of the Chair. At this time I order printed in the record the various communications and reports that the subcommittee has received that are relevant to our hearings.

(The material referred to follows:)

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October 8, 1971

The Honorable Senator Adlai E. Stevenson III
The Senate Office Building
United States Senate
Washington, D.C.

Dear Senator Stevenson:

On October 23, 1971, I gave testimony before your sub-committee on migratory labor. In the testimony presented, I along with others who have been working directly with low-income farm and non-farm rural people for the past few years, presented the fact as we view them. Although much of what was presented that morning to you and Senator Hughs may at first appear to be a negative and gloomy picture, let me assure you that such is not the case. Despite all of the problems faced by the rural poor of our region, there is no other area in the whole country where optimism and hope in the future are as bright.

There is faith in a better day, faith in our government, and in the belief that by working together people can effectively change their lives for the better. In our area, as we indicated at the Hearing, poor and low-income Blacks and Whites alike have put their faith in what for many is a brand new experience: the cooperative. The cooperative as viewed by our people is not welfare, a hand-out, or somebody else doing it for you, etc., but rather is the concept of self-help employed by working together with others. It is self-determination, decision making, and participatory democracy in action.

In my testimony, I warned that the Office of Economic Opportunity was planning to spend almost $400,000 of tax payers money to study and evaluate the low income rural cooperative movement. Many us feel this is a flagrant waste of needed O.E.O. dollars.

When we first heard of the proposed study, we were somewhat leery, but after reading the O.E.O. - Request for Proposal # PD 71-136, and after meeting with its O.E.O. Washington authors we are now genuinely alarmed. There is ample evidence to indicate that O.E.O.'s motives for ordering the study and evaluation are suspect; and that what in fact O.E.O. is looking is a justification to dump this predominantly grassroots movement, into which thousands of rural poor have placed their hopes for a better life.

Enclosed is a copy of a position paper which explains our general opposition to the study, however, there are other factors which we have not detailed, e.g.: Why has O.E.O. picked this time to study us? What is it about us, our needs, problems, objectives, failures and successes, etc. that we ourselves already have not thoroughly detailed to O.E.O. in hundreds or more quarterly and annual written reports, over the past five years? Since the very first day, we received only half-hearted O.E.O. backing at best, that office has been evaluating us. If our grant was processed on Monday, our funds received on Tuesday, the O.E.O. evaluators were there on Wednesday trying to discover what overnight miracles we had wrought; and then inditing and concemning us when none were found.

From the hassles which we have gone through as we attempted to either get funded or refunded, as the case may be, it has been evident that O. E. O. was never fully committed to rural cooperative development. We have long feared that given the opportunity, O.E.O. would readily abandon us. Apparently that opportunity is now at hand.

The Nixon Administration has now stated that in line with its 1972 O.E.O. budget requests, all programs may be cut back by as much as 20%. The hardest hit by the requisite reductions include developmental health (Comprehensive Health, Family Planning, and Narcotics Rehabilitation) and general research and demonstration programs of O.E.O. (most of the funds for our cooperatives come out of the latter). Accordingly, the scope of reductions in these areas is such that no new program could be initiated and many ongoing activities would be abandoned. In line with the administration's directive former O.E.O. Director, Frank Carlucci, before leaving office, ordered that a review of all research and development activities both planned and underway be undertaken immediately to consider possible eliminations, curtailments, or terminations.

In light of the above, the proposed O.E.O. study and evaluation begins to take an ominous dimension. Will the O.E.O. study seek to discover ways by which our movement can advance ever forward or does it look instead for justification for our elimination, curtailment or termination? To us the answer is obvious. O.E.O. intends to write us off.

The low-income cooperative movement in the rural South is new, and it promises much. It is however, not an all inclusive panacea for all the economic ills of our region. It is but one of many needed approaches of support for a means to a better life for our people. Without equal attention to the rural, the more attractive we make our cities the greater the magnet we create to draw still more and more rural people into them.

Over one hundred of our sister cooperatives have written to their congressional delegations protesting the OEO planned study. We certainly hope that you will join with us, as has Dr. Ralph David Abernathy (see copy of enclosed wire to OEO Director, Mr. Phillip Sanchez) in our effort to block this negative action on the part of OEO. What we need, Senator, is not analysis by government, but its committment and support for efforts designed to bring about a better rural America.

Sincerely,

William H. Peace III

William H. Peace III
Assistant to Director

WHP/clh

Encl:

COPY OF TELEGRAM TO MR. SANCHEZ, SENT TODAY 10/1/71

ZCZC PD ATL GA
PMS MR PHILLIP V SANCHEZ, DIR., O E O
1200 19TH ST., NW, WASH. D C 20506
BT
WE UNDERSTAND THAT YOUR OFFICE HAS CONTRACTED WITH ABT ASSOCIATES,
A CAMBRIDGE, MASS. CONSULTANT FIRM, TO EVALUATE A NUMBER OF
COOPERATIVES FUNDED UNDER SECTION 232 OF THE ECONOMIC OPPORTUNITY
ACT. THE PROJECTS WERE IN NO WAY INVOLVED IN THIS SELECTION, NOR
IN DETERMINING THE DIRECTION THE EVALUATION WOULD TAKE. WE FEEL
THAT THE STUDY SHOULD NOT BE DONE AT THIS TIME. THEY ARE, FOR THE
MOST PART, JUST GETTING THEIR FEET OFF THE GROUND AND EVEN THOUGH
SUCCESS SEEMS NEAR, WE FEEL THAT SUCH A STUDY AND THE LACK OF
CONTINUED FEDERAL FUNDS WOULD MEAN AN END TO THE COOPERATIVE
MOVEMENT IN THE SOUTH. IN SUPPORT OF THEIR DECISION, WE WOULD LIKE
TO REQUEST OEO TO DISCONTINUE SUCH AN EVALUATION. SUCH A VIABLE
DEMONSTRATIVE PROGRAM MUST BE ALLOWED TO CONTINUE.
RESPECTFULLY YOURS, RALPH DAVID ABERNATHY
NNNN

Southern Christian Leadership Conference
334 Auburn Avenue, N.E., Atlanta, Georgia 30303

Mr. William Harrison
SWAFCA
P. O. Box 955
Selma, Alabama
36701

SOUTHERN RURAL COOPERATIVE ECONOMIC DEVELOPMENT

Position Paper

Vis a Vis

RFP NO. P. D. 71-136

"To Evaluate Grassroot Cooperatives"

The Evaluation Divison of O.E.O. has recently concluded that it was necessary to evaluate rural grassroot cooperatives. So, the O.E. O. Evaluation Staff put together "Request for Proposal Number P.D. 71-136 To Evaluate Grassroot Cooperatives." The stated purposes of this RFP are as follows:

1. To provide an evaluation of rural cooperative programs funded under the authority of Section 232 of the Economic Opportunity Act.
2. To determine the effectiveness of a rural cooperative strategy to alleviate rural poverty and to compare that effectiveness with O.E.O. Rural Title 1-D programs and selected E.D.A. programs.
3. To provide O.E.O. with some of the information needed to develop a low income, rural cooperative strategy.

After reviewing the O.E.O. evaluation contract and its purposes, the seven Black groups who are directly involved in this study, unanimously agreed that the study is unnecessary and the time is inopportune. Our reasons are as follows:

1. Cooperatives as a strategy to alleviate conditions of poverty have been tried all over the world and there is evidence enough to show their effectiveness; to show that they can work. Cooperatives have worked in Europe, Asia, Africa, and even in the Americas. During the Depression, a cooperative movement was started(and greatly supported by the government) in several sections of the United States and they have turned out to be successful instruments for improving the impoverished conditions of farmers, consumers and others. R.E.A., Cotton Producers, Midland Cooperatives, etc., are shining examples of cooperative economic viability.

2. The Black Rural Southern Cooperative Movement is relatively new and it needs more direct technical and financial support instead of evaluations.

   Already this movement has been studied, monitored, and evaluated to death. We feel that we would be commiting an immoral act by giving our blessings to spend $385,000.00 for a study when if that money were applied in direct services to our different groups, to strengthened their business structures, our membership would stand a better chance in receiving remedies for their needs.

3. We have spelled out our needs to our government incessantly. We have written countless proposals asking for assistance. We have either been ignored completely or given crumbs. We are against the rich and affluent telling us we are not hungry, and we don't need medicine when we are the ones receiving the pains and not them.

Now maybe it is because we wrote the proposals and not the PhD's, that we have been ignored such. Maybe children of slaves and children of like circumstances should not expect more than we already received. Even if this is the case, we are determined to change or work towards changing this. The effort of thousands of Black low income families working together in cooperatives should not be discounted. The affluent should not be allowed to destroy the initiative of a people who are determined to make a better life for themselves and their children through their own collective aggressive actions, and especially when no better alternatives are offered.

The Black Groups in question are:

1. The Beef Cattle Project of Holmes County, Miss.
2. Mississippi Fish Equity, Clay County, Miss.
3. United Peoples Cooperative of Mississippi County, Ark.
4. Southeast Alabama Self Help Association, Tuskegee, Ala.
5. Southwest Alabama Farmers Cooperative Association, Selma, Ala.
6. Federation of Southern Cooperatives, Atlanta, Ga.
7. Southern Cooperative Development Fund, Lafayette, La.

We need your assistance to block this evaluation for the time being. We need your support to encourage our government to focus its attention on our needs and make a commitment towards the remedying of these needs.

92d Congress }
2d Session }
COMMITTEE PRINT

SUMMARY
OF THE
LEGISLATIVE ACTIVITIES
OF THE
SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE
IN THE
FIRST SESSION, NINETY-SECOND CONGRESS

PREPARED BY THE

COMMITTEE ON LABOR AND
PUBLIC WELFARE
UNITED STATES SENATE

JANUARY 1972

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MIGRATORY LABOR

Subcommittee on Migratory Labor, Chairman: Adlai E. Stevenson III

AN HISTORICAL PERSPECTIVE

To fully comprehend what has been accomplished during the First Session of the 92d Congress, the work of the Migratory Labor Subcommittee must be put in proper perspective.

For a half-century this nation has been plagued with the problems and plight of the migrant farmworker. Books, Presidential Reports, television documentaries, songs and hundreds of volumes of Congressional hearing records and studies are just about all there is to show for those who have fought to improve the plight of the migrant for so long.

Senator Harrison A. Williams, Jr., was the first Chairman of the Migratory Labor Subcommittee and served in that capacity from 1959–1968. He concentrated on legislation to correct the exclusion of farmworkers from practically every significant social or worker benefit program that had ever been enacted into law. His efforts led to partial coverage of farmworkers under minimum wage and child labor laws, passage of the Migrant Health Act, funding for special migrant education programs under the Elementary and Secondary Education Act, housing programs administered by the Farmers Home Administration, a Farm Labor Contractor Registration Act, and special emphasis programs in the War on Poverty effort administered by OEO.

Senator Williams in his final Report for the Subcommittee, "Crime in the Fields", (The Migratory Farm Labor Problem in the United States, 1969, Senate Report No. 91–83) saiad: "Our society continues to overlook the problems of crime in our fields, and the injustices afflicting the migrant farmworker and his family. These problems result . . . from society's inattention and collective negligence." The need for continued legislative action and oversight into the 1970's was emphasized by Senator Williams: "It is unfortunate, but imperative, that the work of the Subcommittee must continue into the next decade."

Senator Walter F. Mondale was Chairman of the Subcommittee during the 91st Congress. In a comprehensive, eight-part hearing, published in 7,000 pages and 16 volumes, he conclusively showed that migrant and seasonal farmworkers lacked the political and economic power to have an impact on the decisions that affected their own lives. He dramatically demonstrated and documented the farmworker plight in 1970: "Farmworkers are powerless people, and their needs and aspirations have not found vent in the economic and political systems of our country."

PRESENT DIRECTION

Senator Adlai E. Stevenson III was appointed Subcommittee Chairman in March, 1971, following reorganization of the Committee.

At that time, there was a growing awareness in Washington and in the fields that the plight of the farmworker must be considered in the context of all that is happening in rural America, and that what is happeneng in rural America is marked by the entrance of large giant corporations and conglomerates in the entire food chain. In the absence of a national policy for rural America, government, at the federal, state, and local level, there is little or no concern for the farmworker, farmer, and all others who remain in rural America. Those who have the power to determine what policies for people would prevail in rural America must be held accountable and responsible, and this was precisely within the jurisdiction and responsibility of the Migratory Labor Subcommittee.

FIELD TRIPS

It was with this in mind that the Subcommittee went to see firsthand the plight of the migrant.

Trips to California and Colorado on March 4, 5 and 6; Illinois on March 16 and 17; and, Texas on March 23, 1971, confirmed his worst fears. Malnourished, sick, ill-educated farmworkers, living in squalor, unemployed and competing with persons working illegally in this country from Mexico, characterized every visit, every conversation. The Subcommittee saw the anger and desperation of those who actually live the life of misery at the bottom of the economic ladder. Only the frustrating but confident recounting of the struggle for justice obtained through farmworker organizations left any glimmer of hope.

HEARINGS

On July 22, the Subcommittee initiated a series of hearings and investigations into the activities of agribusiness and government, noting that "the problems of the most severely disadvantaged people in rural America—migrant and seasonal farmworkers—cannot be described, much less solved, unless we examine them in the light of the larger difficulty in agricultural America: rural poverty."

In remarks at the hearings, Senator Stevenson condemned our national policies that have abandoned the interests of people in rural America, and contribute to the decay and decadence that marks rural America. He questioned whether any progress had been made since the Presidential Report: "The People Left Behind". Most important, he set forth "the hard questions":

To what extent does rural poverty exist in 1971—and why does it persist?

What has the mechanization of farming done to—or for—the social and economic fabric of rural America?

Have small farmers and farmworkers, in the wake or rapid changes in American agriculture, been effectively shut off from the benefits and safeguards which other workers in other industries enjoy today?

Has the advent of "agribusiness"—the rise of corporations and conglomerates as agricultural powers—helped to alleviate rural poverty or to aggravate it?

Is "agrigovernment", characterized by massive support programs for agribusiness, meeting its responsibility to all the people and all the institutions in rural America?

What are the common interests of small farmers and farmworkers in the face of political and economic forces which control their lives, which sometimes make them victims of poverty, but which lie beyond their control?

Governor Breathitt, a witness at the first hearings, said that rural poverty is as pervasive, if not more so, than in 1967, and that the government has not acted to correct the situation. Wilson King confirmed the continuing existence of the problem from the vantage point of an independent farmer. Dr. Keyserling discussed rural America in the context of a complete failure of economic planning, and the Agribusiness Accountability Project of Washington, D.C., emphasized that the Subcommittee's objectives, as set forth in the Chairman's opening remarks, must be pursued. Only the tip of the iceberg is known, they claimed, and there will be no opportunity to save rural America unless we look at agribusiness together with the lack of direction in government policies for rural America.

September 22 and 23 hearings were held to explore what economic alternatives remained in rural America, if any. Witnesses talked of cooperative farming efforts in California and the South which indicated that farmworker families, otherwise condemned to poverty, could make $7–10,000 annually growing labor intensive crops on 2 to 3 acre plots of land. Land availability, technical expertise, marketing skills, and other problems loomed large, however, if their efforts were to succeed.

National policies concerning rural America and land ownership, distribution, and use throughout the nation were again raised as significant issues. The latter issue was earmarked by witnesses as being absolutely essential and worthy of Subcommittee investigation, as only through learning the facts can meaningful solutions to the problems of farmers and farmworkers that have been left behind in rural America be developed.

November 5 hearings were devoted to the questions of land ownership, distribution and use. An extensive search for experts in the subject area produced witnesses on the history of land ownership in this country, as well as an academician who discussed the extent of corporate and conglomerate involvement in rural America and attendant economic consequences. Additionally, farm organizations spelled out how the large vertically and horizontally integrated corporations and conglomerates are having a substantial impact on the well-being of rural America. Notwithstanding the lack of statistical data, clear trends toward giantism are discernable, and should receive considerably more attention than presently accorded.

The Subcommittee's objective of finding a national policy whose effect is not simply "efficiency" or "progress" or "economy of scale" proved worthy, for those values are coming at too high a price. A decent life for all rural Americans must be emphasized. Yet, as Senator Stevenson noted, "we are faced with vast and remarkable upheaval which is occurring unseen and unheard by most Americans. We must ask what is happening in rural America? Why is it happening? Who is responsible? To begin with, we must ask who owns rural America—and so far in these hearings, it appears, no one in America knows."

California hearings on January 11, 12, and 13, 1972, appeared to be the logical place to continue the Subcommittee's inquiry. The objective of these hearings was: to further explore land ownership, use, and distribution; the consequences of this on farmworkers; rural poverty, rural to urban migration, and the quality of life in rural areas; the role and direction of present government policies; and finally, strategies for change as envisioned by concerned persons in the public and private sector.

MAJOR SUBCOMMITTEE ACTIVITIES

As the hearings progressed, the Subcommittee also pursued its responsibilities in the areas of legislation, legislative oversight, investigations, studies and reports, and assistance to others.

These activities all related to the over 1,000,000 migrant farmworkers and their families and children involved in stoop labor of thinning, weeding, and harvesting our Nation's abundance of perishable fresh fruits and vegetables. Over 60% of this population is Mexican-American, 30% black, 5 to 10% white, and 2% Indian. One-half are under 25 years of age; one-fourth are female; one-third are children under 14. The average life span of the migrant farmworker is 49 years. Recent data indicate that migrants average $891 annually from farmwork, and are employed only an average of 85 days a year. The average grade level attained in school is 6.7 years; 17% are illiterate; 25% have never attended school or not gone beyond the 4th grade. As Dr. Robert Coles, the Harvard Psychiatrist has noted, they lead demeaned, undignified, impoverished lives, and children particularly are destroyed by the constant mobility—notwithstanding being the hardest working element of the work force, traveling the face of the Nation, always seeking more work, always avoiding welfare.

LEGISLATION

Various legislative efforts, though not emanating directly from the Subcommittee, were made, aided by the Subcommittee members and staff, although no specific piece of legislation was made the subject of hearings, executive sessions, or report by the Subcommittee. For example:

(1) Special mention of migrants' needs was included in the Emergency Employment Act.

(2) The Higher Education Act (S. 659) contains amendments to the Migrant Education Programs of the Elementary and Secondary Education Act of 1965 to strengthen and improve the programs.

(3) The Higher Education Act (S. 659) was amended to add bilingual education and teacher training components.

(4) The Equitable Labor Protection Amendments to the Sugar Act of 1971 were introduced by the Subcommittee Chairman, who also tes-

tified before the Finance Committee. The Sugar Act is unique in that it is the only farm subsidy program that provides benefits for farmworkers. However, the Finance Committee did not agree to the Amendments, and by a vote of 45 to 30, the Senate rejected them.

(5) An effort to substantially increase funds for Section 514 and 516 of the Farm Labor Housing Program administered by the Farmers Home Administration was not considered on the floor of the Senate after Senator McGee, Chairman of the Appropriations Subcommittee, agreed to have the increased funds included in the Supplemental Appropriations Bill.

(6) Legislation extending the Office of Economic Opportunity Program for two years included extension of the special Title III–B Migrant Programs Branch, with increased appropriation authorizations. Additionally, the bill included special provisions for meeting the needs of the migrant and bi-lingual population in the day-care and legal services programs. The bill was vetoed by the President.

(7) Amendments to welfare reform legislation have been drafted and will be submitted to the Finance Committee and on the Floor of the Senate that would assure farmworker coverage under new programs, and improve present coverage.

(8) Amendments to the Fair Labor Standards Act that would extend coverage to farmworkers and their children, with wage increases, have been proposed with some supporting materials prepared by the Subcommittee.

(9) The Subcommittee staff is preparing a "Farmworker Bill of Rights" that will for the first time provide, in one document, language necessary to remove the present exclusion of farmworkers from most all social and worker benefit programs.

INVESTIGATIONS, STUDIES, AND REPORTS

The Subcommittee has conducted independent investigations and studies in addition to its hearings, on the following issues and programs:

(1) The role of the Land Grant College System, and the extent to which it is helping farmworkers with its research, educational, research, and demonstration facilities.

(2) The operations of the U.S.D.L. Farm Labor Service.

(3) Program outreach of OEO, the Migrant Health Act, Migrant Education Programs, and various housing programs.

(4) The Border Commuter Labor Problem, including the entrance of illegals to perform farmwork, and the use of green card holders to break farm labor strikes, continued under the scrutiny of the Subcommittee.

ASSISTANCE TO OTHERS

The Migratory Labor Subcommittee is in a most unique situation, for it continues to be the primary focus of attention for farmworker problems in the Nation. No other agency or institution, public or private, performs the most important function of coordinating, substantively or procedurally, the interest of federal, state or local organizations, and the Subcommittee continues as the only place to turn for those concerned. The farmworker problem is interstate in nature and National in scope. Private, local and state migratory labor committees, as well as any national effort limited to problems of one state or geographical area, or one program, are not equipped to undertake more than a partial treatment of the difficulties related to migratory labor. At the same time, there is a profusion of governmental departments, agencies and units that have evolved to treat in detail the different aspects of the problems outlined herein. Overlap exists amongst the myriad of agencies, and an abundance of top-heavy bureaucracy eventually causes confusion and frustration to those trying most to help the farmworker.

The Subcommittee thus performs an important role of providing an overall view of the farm labor problem:

(1) Farmworkers, church groups, labor unions, civil rights organizations, Congressional offices and others have visited, written, called in, and asked for information, and diligent efforts were made to supply needed materials.

(2) Interested persons were appropriately directed to particularly involved administrative offices and agencies and were often represented in staff conferences with federal officials in the hopes that their needs could be met.

(3) The Subcommittee served as a resource for many Congressional offices concerning various legislative proposals at the state level that might affect union organization and collective bargaining.

THE SUBCOMMITTEE'S FUTURE ACTIVITIES

The hearings and investigations of the Subcommittee, after completion of the California hearings, will continue in the theme of the farmworker problem existing in the context of all that is happening in rural America. That poverty persists was established at the initial hearings, but the root causes, and a prognosis, were stated by witnesses to be dependent on further examination of the issues of land use, distribution, and ownership. Witnesses further emphasized that the economic opportunities, the quality of life and the character of rural America and the welfare of its people are undergoing substantial pressures and changes caused and created by the new faces that have invaded rural America.

It therefore logically follows that upon return of the Subcommittee to Washington after the California hearings, government officials should be called and asked the same hard questions that have been asked of those in the private sector.

In the meantime, the Subcommittee will pursue its general legislative oversight function, and will continue to serve and assist the constituents who approach the Subcommittee.

And, finally, the Subcommittee will continue the search for the root causes of the farmworker plight. The bandaid approaches of the past have serious shortcomings, and it is only now that we are coming to grips with the root causes of the problem. It is from this point that a struggle for significant change may take on greater meaning.

(Whereupon, at 12:07 p.m., the subcommittee was adjourned, subject to call of the Chair.)